

**CONSUMER PERCEPTIONS OF LOYALTY PROGRAMMES OFFERED BY
COSMETIC RETAILERS IN DURBAN AND ON THE KWAZULU-NATAL NORTH
COAST**

By

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Submitted in accordance with the requirements for the degree of

MASTER OF COMMERCE

in the subject of

BUSINESS MANAGEMENT

at the

University of South Africa

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20 November 2017

DEDICATION

This master's dissertation is dedicated to my father, Mr. Rambherie Singh and my late mother, who always encouraged me to work hard and stay positive to achieve my dreams. Thank you to my wonderful family, Reshika, Ashika, Sivanah, Shikhar, Malcolm, Terrel and Peyton for all the love, encouragement and support. I am also grateful for the encouragement of Dr. Yolande Hefer who motivated me and supported me from the very beginning.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere gratitude to the following individuals and organisations without whom the completion of this study would not have been possible:

- To my family and friends for the support, participation in the study, encouragement and love.
- My supervisors Prof. M.C. Cant and Prof. J.A. Wiid, for your time, patience, unwavering support and guidance and encouragement. I am honoured and humbled to have completed my dissertation under your expert supervision.
- My former supervisor, Dr. Y. Hefer, for your patience, understanding and encouragement.
- The University of South Africa (UNISA) Post Graduate Financial Assistance office for the financial assistance.
- Mr. Andries Masenge for your patience, advice and explanations during the compilation of the statistics.
- Mr. Nkululeko Ngcobo from Euromonitor for your patience, time and compilation of the statistics required for South African cosmetic retail industry.
- Mr. Lourens Kotze and Mrs Helene van Niekerk for editing this dissertation.
- Mr. Sanjith Hooblal, Mr Sunny Somduth and, Mr. Prenesh Singh for allowing me to interview respondents.
- My work colleagues from all campuses of Umfolozi TVET College for your support, encouragement and advice.

DECLARATION

I declare that *Consumer perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu North Coast*” was submitted in full requirements of the degree Master of Commerce in the subject of Business Management with specialisation in Marketing and Retail Management at the University of South Africa (UNISA). I declare the dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

SIGNATURE

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ABSTRACT

The primary purpose of this study was to determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast, South Africa. A broad and in-depth literature review of loyalty programmes as tools for retaining consumers, as well as the different types of loyalty programmes currently available in South Africa, was conducted. An empirical study was conducted by using an interviewer-administered questionnaire to collect data from consumers who were members of cosmetic retailers' loyalty programmes. A quantitative approach was followed in order to satisfy the research objectives of the study.

Loyalty programmes are an integral part of many retail businesses as they allow retailers to reward returning consumers with (amongst others) discounts or special promotional offers when the loyalty programme is used at the point of sale. The rapid advancements in technology has also enabled retailers to maintain databases containing valuable information on consumers' spending patterns, which informs retailers about products consumers prefer buying. Retailers all over the world have been using loyalty programmes to retain existing consumers by rewarding loyalty and win over new consumers. Although many South African retailers have introduced loyalty programmes into their businesses, consumers' perceptions of loyalty programmes offered by cosmetic retailers have not been investigated here.

The results of this research study indicate that consumers perceived loyalty programmes as easy to use at the point of sale when making purchases. Consumers also felt that loyalty programmes helped them to save money through the redemption of vouchers or points. Overall, consumers were satisfied as members of cosmetic retailers' loyalty programmes.

Key terms:

loyalty programmes; marketing; consumers; rewards; discounts; vouchers; promotions; members; retailers; Durban; North Coast; KwaZulu-Natal; South Africa.

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CHAPTER ONE: OVERVIEW AND BACKGROUND

1.1 INTRODUCTION

Chapter one provides an overview of all the elements of this research study. This chapter commences with descriptions of the retail industry, including its history and importance. The importance and growth of the cosmetic retail industry leads to a discussion on consumer behaviour and consumer perceptions. The purpose of the research study and the research problems are explained. A brief description of the research methodology used to collect and analyse the appropriate data ensues. Chapter one concludes with a summary of the remaining chapters of this research study.

1.2 THE PURPOSE OF THE STUDY

The purpose of this research is to determine consumers' perceptions towards loyalty programmes offered by cosmetic retailers in South Africa.

Statistics South Africa defines the retail industry according to seven clusters and classifies cosmetic retailers under retailers in pharmaceutical and medical goods, cosmetics and toiletries (Statistics South Africa (SIC), 2012:01). As cosmetics include products used to beautify one's face, skin, hair, nails and more, a cosmetic retailer can be defined as a business that sells cosmetics and cosmetic related products directly to the consumer for their personal use. These products could include lotions, powders, lipsticks, fragrances and more.

The dawn of the twenty first century marked the beginning of significant growth in the global cosmetic industry due to an increase in consumer income and changing lifestyles (Lopaciuk & Loboda, 2013:02). In South Africa, the rapid expansion of the cosmetic industry can be attributed to the rising black middle class who demand cosmetic products designed specifically for ethnic skin (Buchald-Werner, 2013:34). Due to the increased

demand by consumers for cosmetics, retailers have expanded their cosmetic product ranges to cater for the different consumers' cosmetic needs (Euromonitor International, 2017:01). As a result, the South African cosmetic retail industry has experienced intense competition. (Phillips, 2014:09).

However, research conducted by Euromonitor International in South Africa (2017:01), revealed that upper and middle-income consumers still preferred to purchase cosmetics from specialist cosmetic retailers. This study will determine consumer perceptions towards loyalty programmes offered by cosmetic retailers in South Africa, in order to enlighten cosmetic retailers on consumer opinions and attitudes towards loyalty programmes. Cosmetic retailers may choose whether or not to implement, revamp or discontinue a loyalty programme based on the findings of this study.

As cosmetic retailing forms part of the retail industry, it is important to understand the South African retail industry.

1.3 A BRIEF BACKGROUND OF THE SOUTH AFRICAN RETAIL INDUSTRY

The retail industry in South Africa has grown from strength to strength since South Africa achieved democracy in 1994 and "mainly comprises of individuals and companies engaged in the sale of finished products in small quantities directly to consumers" (Gauteng Province Provincial Treasury, 2013:04; Mbalo, 2012:01). According to Berman and Evans (2013:33) retailing includes all sales to the final consumer.

Due to improved and modern infrastructure in South Africa, retailers are able to distribute their goods more efficiently to urban centres, townships and rural areas (Gauteng Province Provincial Treasury, 2013:04). Retailers are therefore able to sell their goods in different outlets such as markets, kiosks, supermarkets and shopping malls (Mbalo, 2012:01). In South Africa an enterprise would have to derive more than fifty percent of its turnover from sales of goods to the public for household use to qualify as a retailer (Mbalo, 2012:04).

According to Statistics South Africa, annual retail sales increased by 3.4% in December 2016 and contributed R926 439 million to the Gross Domestic Profit (Statistics South Africa P6242.1 2017:07). The highest annual growths in retail sales in 2016 were recorded for pharmaceuticals and medical goods and cosmetics and toiletries (7.9%); hardware, paint and glass (5.3%) and general dealers (5.2%) (Statistics South Africa P6242.1, 2017:08). KwaZulu-Natal's overall contribution to the national GDP was 16% and was statistically the second largest GDP per region in South Africa (Trade and Investment KwaZulu-Natal Annual Report, 2016:09). Durban and the North Coast of KwaZulu Natal's retail sector is dominated by the province's mega shopping mall, Gateway; popular malls such as Ballito Junction, Lifestyle Centre, La Lucia Mall, Phoenix Plaza, uShaka Mall, Boardwalk, Mandeni Mall as well as rural micro markets (Enterprise Illembe, 2017:01).

Durban and the North Coast of KwaZulu Natal, which extends from the Indian Ocean has grown significantly since 2013 mainly due to the popularity of estate living lifestyles which are prevalent in the province and, the move of King Shaka International Airport ten kilometres north of Umhlanga (Seef, 2017:01). The KwaZulu Natal Dube Tradeport Corporation anticipates that the retail industry in Durban and the North Coast of KwaZulu Natal will continue to grow due to the expansion of the Dube Tradeport which will boost economic development in the province (Dube Tradeport Corporation, 2015:11). The majestic province of KwaZulu Natal boasts strategic locations to two of the busiest and largest ports, Durban and Richards Bay, allowing access to major global markets such as South America, Europe and the Far East (Dube Tradeport Corporation, 2015:11). The main economic centres of the province are Durban, Richards Bay, Newcastle, Pietermaritzburg and, Ladysmith (Trade and Investment Durban KwaZulu Natal, 2013:01).

Fast Moving Consumer Goods (FMCG) retailers such as Shoprite Holdings, Pick and Pay, and apparel retailers such as Edgars and Woolworths, have a strong footprint in Durban and the North Coast of KwaZulu Natal (Trade and Investment KwaZulu Natal,

2013:01) and also sell a wide range of cosmetics (Imrie, 2014:01-13). However, consumers also prefer to purchase cosmetics from cosmetic retailers since they are able to choose from a wide range of international brands (Imrie, 2014:02), as well as high end beauty products (Lopacuik & Loboda, 2013:01). In South Africa cosmetic retailers are classified under retailers in pharmaceutical and medical goods, cosmetics and toiletries (Statistics South Africa, 2012:01).

International cosmetic brands such as Estee Lauder identified South Africa as a growing market for cosmetics and has developed a range of products for African skin tones (Adams, 2014:34). However, lower income consumers also purchase cosmetics from informal retailers such as spaza shops when they cannot afford to shop at larger retail stores (Durham, 2013:01). Cosmetic retailers such as Just On that, targets the middle to lower income markets, presents competition to major players in South Africa's cosmetic industry such as, Clicks and Dis-Chem by selling affordable cosmetics (Business Day, 2012:01). The Department of Trade and Industry (2015:01) identified the South African cosmetic industry as a “vibrant and dynamic industry” and together with the cosmetics sector desk launched industry and economic development workshops in all provinces to educate businesses, especially Small, Medium and Micro Enterprises (SMME's) about the South African retail industry.

Cosmetic retailing is an important part of this study and is briefly discussed next.

1.3.1 Cosmetic Retailing

The South African cosmetic industry is extremely competitive due to the entry of international players such as Estee Lauder that have invested in the local cosmetic industry (CNBCAfrica, 2014:01).

As the growth of the cosmetics industry in developed countries started to slow down, international brands began to look at untapped markets to expand their business (Moorad, 2014:01). International cosmetic brands such as Revlon and L'Oréal identified

the South African cosmetic industry as an emerging market to invest in (Adams, 2014:34). The emerging market can be attributed to the rising black middle class who now have more disposable income to purchase cosmetic products (Adams, 2014:34).

Increased modernisation has allowed women to move away from religious and cultural beliefs that once prohibited women from using cosmetics to enhance their appearance (Seymour, 2013:01). Women especially use cosmetics to boost their confidence (Durham, 2013:01). As a result, progressively more South African women of all races, pay attention to their care and beauty. This in turn, resulted in an increase in the demand for cosmetics. However, the male grooming market has also grown significantly due to the South African male population using cosmetic products to enhance their appearance (SA News, 2013:01; Durham, 2011:01).

Since the focus of this study is on cosmetic retailers, the importance of cosmetic retailing is discussed next.

1.3.2 The Importance of Cosmetic Retailing

According to Statistics South Africa (P6242.1) (2017:02), retailers in pharmaceuticals and medical goods, cosmetics and toiletries contributed 5.5% to the overall retail sales in South Africa in 2016. The South African cosmetic industry is currently estimated to be worth around \$2.1 billion and is the largest cosmetic industry in Africa (Disu, 2017:01). The growth in the South African cosmetics industry despite tough economic times has been attributed to the resilience of the cosmetics industry and investments in the local cosmetics industry by international cosmetic giants such as Estee Lauder and Unilever (Disu, 2017:01). Although South Africa experienced poor economic growth in 2016, Clicks – the leading retailer of cosmetic products – reported an increase of 13.5% in the sale of cosmetic products in 2016 (Clicks Group Integrated Annual Report, 2016:23).

Cosmetic retailers are however not the only retailers of cosmetic products in South Africa (Aquidneck, 2013:01). FMCG, fashion retailers, pharmacies, general dealers and online

retailers, sell a wide variety of cosmetics under one roof and offer consumers a one-stop shopping experience, therefore presenting competition to cosmetic retailers (Frank and Lademann, 2013:01). Durham (2011:01) stated that since consumers no longer have time to visit specialist cosmetic retailers, the idea of a one-stop grocery retailer might encourage consumers to spend more money. The one-stop shopping experience has created intense competition in the cosmetics industry as retailers strive to entice consumers by increasing the range of cosmetics they stock (Durham, 2011:01). As a result, grocery retailers have started to dominate the sale of cosmetic products in South Africa (Euromonitor International, 2014:01). Research conducted by the Institute of Grocery Distribution (IGD), revealed that grocery retailers now consider cosmetic products as core products (Bolton, 2014:01). The increase in the sales of cosmetic products can be attributed to the fact that even during tough times consumers still seek to spoil themselves with little pleasures such as cosmetic products (Shandu, 2016:01). Clicks, the leading specialist health and beauty retailer in South Africa, dominates the local specialist cosmetic retail industry with a 27.5%% market share in skincare and 25.7% market share in hair care products (Clicks Group, 2016:23).

Over the years retailers have formulated ways to reward consumers for remaining loyal to their brand by rewarding consumers for purchasing products from them repeatedly (Hanover, 2011:01). This method of rewarding consumers for their multiple purchases, is referred to as a consumer loyalty programme and is discussed next.

1.4 CONSUMER LOYALTY PROGRAMMES

The concept of loyalty programmes is not new. Loyalty programmes originated in the United States of America in the 1930's, when grocery stores rewarded consumers with stamps based on the value of the consumers' purchases (Hanover, 2011:04). These stamps were later redeemed by consumers for merchandise as the popularity of stamps programmes declined in the 1960's and marked the beginning of loyalty programmes. (Hanover, 2011:04). In the modern age consumers are issued with a card that is similar

to a debit card that has the consumer's personal information after successfully joining a loyalty programme. (Hanover, 2011:04).

Although loyalty programmes have been in existence for over five decades these loyalty programmes have become popular in the South African marketing landscape since 1996 (Kearney, 2013:01; Cromhout, 2016:05-08). Loyalty programmes generate more than R12 billion in revenue per annum in South Africa, by rewarding consumers who remain loyal to a retailer with discounts, vouchers, points, gifts and affiliate programmes (Kearney, 2013:01). The most popular loyalty programmes in South Africa rewards consumers with cash back vouchers or discounts on their purchases (Kearney, 2013:01). The Edgars 'Thank You programme' for example, rewards consumers with points for every qualifying purchase of R10.00 or more and converts these points to cash back discounts (Edgars, 2017:01).

Loyalty programmes offer retailers an option to increase their profits since a well-designed loyalty programme that is correctly implemented can encourage consumers to purchase repeatedly at a particular retailer (du Plessis, Strydom & Jooste, 2012:559). Parumasur & Roberts-Lombard (2012:346) define consumer loyalty as "a commitment from consumers to purchase products or services from a specific organisation". Loyal consumers tend to resist the efforts of competitors to lure their patronage (Parumasur & Roberts-Lombard, 2012:346). For the purpose of this study consumer loyalty will be explored solely on consumer perceptions towards loyalty programmes offered by cosmetic retailers in KwaZulu Natal.

Cromhout (2016:20-24) identified three popular types of loyalty programmes. Table 1.1 depicts the different types of popular loyalty programmes presently available in South Africa according to Cromhout. It describes the various loyalty programmes and also provides examples of such loyalty programmes.

Table 1.1 Types of Loyalty Programmes in South Africa

Type of Loyalty Programme	Description
Price Loyalty Programme	Members of loyalty programmes may receive discounts on certain products whereas non-members pay the full price. Cellu-Beauty Health and Beauty Spa for instance offer their members a 25% discount on treatments, whereas non-members pay the full price for treatments (Cellu-beauty, 2014:01).
Point Loyalty Programme	Customers accumulate points for each qualifying purchase they make at a retailer. The consumer's loyalty card is swiped at checkout to update the customer's purchase. These points are later converted to cash discounts or cash back vouchers. Clicks customers for instance accumulate points by swiping their loyalty cards at till points (Clicks, 2014:01).
Combined Partnership Model	Customers accumulate points from different affiliated companies linked to a retailer's loyalty programme. Some major credit card companies such as Mastercard and Visa, partner with businesses to offer store specific discounts and allow consumers to use their loyalty rewards to purchase products from partners of affiliate programmes (Cromhout, 2016:20-24). A popular South African example of a loyalty card linked to an affiliate programme is Dis-Chem. Consumers use their First National Bank eBucks card to accumulate rewards when making their purchases in a Dis-Chem store (Dis-Chem, 2014:01).

Since consumer perceptions towards loyalty programmes offered by cosmetic retailers in Durban and the North Coast of KwaZulu Natal are in question, a brief discussion on consumer perceptions follows below.

1.5 CONSUMER PERCEPTION

Perception is the set of processes by which individuals recognise, organize and make sense of stimuli in their environment using the five senses of sight, sound, touch, smell and taste (Sternberg and Sternberg, 2012:90). Parumasur and Roberts-Lomabard (2012:06) explain that perception is a process during which "an individual becomes aware of his or her environment and interprets it in such a way that it will fit into his or her frame of reference."

Armstrong and Kotler (2013:168) describe consumer perception as follows:

- Perception is selective – individuals notice only a small number of stimuli in their environment.
- Individuals interpret perception subjectively based on their unique personalities, biases and needs.
- Perception is based on personal experiences.

Consumer perception is an important factor that usually occurs in the early stages of the decision-making process (Parumasur and Roberts-Lombard, 2012:251). It is therefore, for the purpose of this study, necessary for cosmetics retailers to understand whether or not consumers' perceptions affect their decision to shop at a cosmetic retailer if the cosmetic retailer in question offers a loyalty programme.

Since the decision-making process is a behavioural process, consumer behaviour will be briefly discussed next.

1.5.1 Consumer Behaviour

Consumer behaviour is defined as “the behaviour consumers display in searching for purchasing, using and evaluating products and services that they expect will satisfy their needs” (Blythe, 2013:05). Consumer behaviour refers specifically to the behavioural traits consumers display when making a purchasing decision that will satisfy their needs (Joubert, 2013:01-03).

According to Lejniece (2011:05), various internal and external factors shape consumer behaviour. Internal factors comprise of attitude, knowledge and interest in the products, motivation and perception, while external factors comprise of social factors such as living standards and social status (Lejniece, 2011:05). Questions that are raised when studying consumer behaviour includes what do consumers buy; why do they buy it; when they buy it; where they buy it; how often they use it; how they evaluate it after the purchase and the impact of such evaluation on future purchasing decisions, and how they dispose of it (Blythe:2013:05-06). The following questions will be used when studying consumer behaviour for the purpose of this study:

- Where do consumers buy cosmetics?
- What do consumers think about current loyalty programmes offered by specialist cosmetic retailers?
- How do consumers evaluate loyalty programmes?
- What impact does loyalty programmes have on consumers' purchasing decisions?

The above-mentioned questions will help cosmetic retailers understand whether or not consumer behaviour is affected by cosmetic retailers offering loyalty programmes.

The purpose of this study is to determine consumer perceptions towards loyalty programmes offered by cosmetic retailers in Durban and the North Coast of KwaZulu Natal. The research question was derived from this purpose and is discussed next.

1.6 THE RESEARCH QUESTION

Consumers' perceptions towards loyalty programmes offered by cosmetic retailers are in question. Previous studies proved that loyalty programmes are an important element of consumer relationship management (Kotler and Keller, 2016:230). However, the available literature does not focus on consumers' perceptions towards loyalty programmes offered by cosmetic retailers in KwaZulu Natal. The primary research question derived from existing literature on loyalty programmes in general, is as follows:

What are consumers' perceptions towards loyalty programmes offered by cosmetic retailers in Durban and the North Coast of KwaZulu Natal? Primary and secondary objectives were formulated from the primary research question.

Primary Objective

- To determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and the North Coast of KwaZulu Natal.

Secondary Objectives

The secondary objectives are to determine:

- consumers' awareness of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' opinions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' attitudes towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- future areas of research into loyalty programmes

1.7 SIGNIFICANCE OF THE STUDY

Existing literature on loyalty programmes focuses on consumers' value perception as a condition to encourage consumers to remain loyal to a brand and implies loyalty programmes should ideally be perceived as valuable by consumers (Lamb, Hair & McDaniel, 2012:437). Previous research focussed on the use of loyalty programmes by retailers as a relationship marketing instrument to build and maintain consumer relationships (Lusch, Dunne & Carver, 2011:417). Literature regarding consumer perceptions towards loyalty programmes offered by cosmetic retailers in particular is scarce.

Academic articles available on databases such as Oxford Journal and Journal of the Academy Marketing Science provide literature on loyalty programmes used as a consumer retention marketing tool but, however, do not study consumers' perceptions of loyalty programmes offered by cosmetic retailers (see 1.7). The purpose of this research study is to determine consumer perceptions towards loyalty programmes offered specifically by cosmetic retailers. The proposed methodology is briefly discussed next.

1.8. RESEARCH METHODOLOGY

The business research process consists of a "sequence of highly interrelated activities" (Zikmund, Babin, Carr & Griffin, 2013:59).

According to Zikmund *et al.*, (2013:59) business research is a scientific process and may occur in the following six stages:

- a) Defining the research objective.
- b) Planning a research design.
- c) Planning a sample.
- d) Collecting the data.
- e) Analysing the data.
- f) Formulating the conclusions and preparing the report.

The research process used in this research study may be illustrated as shown in Figure 1.

Figure 1.1: Illustration of the Research Process used in the Research Study.



Source: Malhotra, Birks, & Wills (2012)

1.8.1 Research Design

There are three different research design types that researchers may choose from when planning a research design namely, exploratory research, descriptive research and casual research (Curwin, Slater & Eadson, 2013:65). Researchers utilise descriptive research techniques when seeking answers to "who, what, when and how" questions (Curwin *et al.*, 2013:66). The descriptive research design is used only after the researcher has a clear understanding of the research problem under study (Zikmund *et al.*, 2013:53).

In casual research, the researcher investigates cause and effect relationships between the variables under study through experimentation (Evans, 2013:238). Zikmund *et al.*, (2013:55) state that "exploratory research builds the foundation for descriptive research which usually establishes the basis for casual research". Causal research can only be undertaken after the researcher has obtained a clear understanding of the research problem under study (Zikmund *et al.*, 2013:55).

Descriptive research is used to "collect data" describing the characteristics of events, individuals or circumstances (Wiid and Diggines, 2013:57). Researchers mainly use descriptive research to carefully observe the phenomenon under study and document all observations in detail (Bhattacherjee, 2012:15). When used correctly, descriptive research can assist the researcher to better define and measure responses from participants in the sample population in terms of opinion, attitude and behaviour (Polonsky and Waller, 2011:94). As the researcher intends measuring the perceptions, opinions and attitudes of the target population towards loyalty programmes offered by cosmetic retailers in the current research study, descriptive research will be used in this research study. A descriptive research study can be quantitative or qualitative (Wiid and Diggines, 2013:57).

There are two types of research methods used to collect research data namely, qualitative and quantitative research (Quinlan, 2011:231). Researchers collecting qualitative data tend to be more concerned about observing, listening to, and interpreting data (Zikmund

et al., 2013:134). Qualitative data also tends to be more subjective due to the qualitative researcher's intimate involvement in collecting, analysing and interpreting data while quantitative data is more objective in nature (Zikmund *et al.*, 2013:134). Although qualitative research can generate quantitative data such as numerical values, this data cannot be generalised to the entire population since only small samples of the target population are drawn during qualitative research (Karantinou, 2017:01).

Quantitative research is used when researchers intend measuring opinions or experiences (Blanche *et al.*, 2012:132). According to Karantinou, (2017:01) "quantitative research generally involves the collection of primary data" from a representative sample of the population under study "with the intention of projecting the results to a wider population." An advantage of measuring data is that the researcher is able to detect fine differences within the sample population in terms of the research problem under study (Landers, 2013:05-07). Quantitative data is measured using scales that either directly or indirectly generates numerical data which can be used in statistical computation or hypothesis testing (Zikmund *et al.*, 2013:134).

Quantitative research will be used in this research study to measure consumer perceptions towards loyalty programmes offered by cosmetic retailers in Durban and the North Coast of KwaZulu Natal. The research methodology used in this research study was approved by the Bureau of Market Research at Unisa.

1.8.2 Sampling Techniques

A population sample "is defined as a subset of a population from whom information is required." (Polonsky and Waller, 2011:94)

There are two types of sampling techniques used to determine the population samples used in a research study (Quinlan, 2011:209). These two types are probability sampling and non-probability sampling (Quinlan, 2011:209). In probability sampling, every member of the population under study has a known probability of being selected in the sample

under study (Bradley, 2013:155). However, Blanche, Durrheim & Painter (2012:135) state that a probability sample seldom "mirrors the broader population." Non-probability samples are non-random in nature and are useful for testing universal theories such as a new cosmetic product that is not harmful to people (Blanch, Durrheim & Painter, 2012:139). According to Callegaro *et al.*, (2015:18), the chances (probability) of selecting members from the target population are unknown in non-probability sampling.

Non-probability sampling was selected for this research study because a small sample from the target population is required to investigate the research problem in question (Quinlan, 2011:213).

The sample population will be determined through convenience sampling. Convenience sampling is a non-probability sampling technique in which the researcher selects a population sample based on the desired characteristics of the target population (Zikmund *et al.*, 2013:393). The reason for selecting convenience sampling was that the target population were members of the general public who were consumers of cosmetic products in KwaZulu Natal. Individuals who purchased cosmetic products from cosmetic retailers and, who were members of the cosmetic retailer's loyalty programmes and were willing to participated in the study could be included in the sample. This sampling method was discussed and approved by the Bureau of Market research (BMR) of the University of South Africa.

The desired characteristics for the convenience sample for the research study are as follows:

- Men and women who purchase cosmetics in Durban and on the KwaZulu Natal north coast.
- Men and women who speak, read and understand English.
- Men and women residing in Durban and on the KwaZulu Natal north coast.
- Men and women willing to participate in the study.
- Men and women over the age of 18 years.

Convenience sampling depends on the participants' availability, willingness to participate and, the desired characteristics of the sample population (Blanche *et al.*, 2012:139).

The research methodology used in this research study was approved by the Bureau of Market Research at Unisa.

1.8.3 Data Collection and Documentation

Data will be collected by means of questionnaires. Questionnaires are a structured means of gathering data (Quinlan, 2011:482). Questionnaires usually comprise of different sections that are arranged categorically (Blanche *et al.*, 2012:489). According to Zikmund *et al.*, (2013:334), a successful questionnaire is both relevant and accurate.

1.8.4 Preparation of the Questionnaire

The researcher should study examples of questionnaires and rating scales in academic textbooks and literature prior to designing a questionnaire (Quinlan, 2011:336). The researcher should also consider the data requirements of the research study when designing a questionnaire (Quinlan, 2011:336). The most important components of any questionnaire are the questions and the participants' responses to these questions (Brassington and Pettitt, 2013:191).

The questionnaire will consist of closed-ended questions and will make use of Likert Scales to measure respondents' attitudes to certain variables (Zikmund, Babin, Carr & Griffin, 2013:338-340). After the desired number of responses has been attained, the data obtained from the questionnaires will be analysed and interpreted using the process briefly outlined in the next section.

1.8.5 Data Analysis and Interpretation

Once all the questionnaires have been collated, the data obtained from the participants' responses must be converted into a format that will answer the research question (Zikmund, 2013:68). This marks the beginning of data processing which consists of editing and coding data (Zikmund, 2013:68). "Data editing is a critical and thorough examination of a completed questionnaire in terms of compliance with the criteria for collecting meaningful data and in order to deal with questionnaires that are not fully completed" (Ruzzier, 2013:85).

After data has been edited, it must then be coded. Quinlan (2011:479) defines a data code as a "code developed by a researcher for each of the responses to each of the questions to each of the questions asked in the course of data gathering." Data coding is a technical process during which participants, responses to questions are coded (Kotler and Keller, 2016:135). The researcher must design a coding manual that indicates the codes assigned to the responses in the questionnaires (Evans, 2013:220). Codes may be allocated to the various responses before the questionnaires are completed (pre-coding) or after a questionnaire has been completed (post coding) (Evans, 2013:220).

Once data has been coded it may be captured. Data capturing is the process of transferring coded data from the questionnaires into a computer (Landers, 2013:362-363). Any spreadsheet programme may be used to capture the data (Blanche *et al.*, 2012:191). After all the data has been captured, it must be scrutinised for errors and all errors must be corrected before data is analysed (Blanche, 2012:193).

The data analysis process consists of four stages namely description, interpretation, conclusion and theorisation (Quinlan, 2011:364 -365). Table 1.4 briefly describes the data analysis process according to Quinlan (2011:364-365).

Table 1.4 Data Analysis Process

STAGE	DESCRIPTION
Description	The researcher describes what they see in the data.
Interpretation	The researcher states what they think the data means.
Conclusions	The researcher draws major or minor conclusions from the data.
Theorisation	The researcher summarises the findings based on the data into theory and compares the findings of the research study to previous studies.

Source: Quinlan (2011)

Rigour and ethics is discussed next.

1.8.6 Rigour and Ethics

Researchers have ethical obligations when conducting marketing research. The University of South Africa (2013:03) compiled a guideline to rigour and ethics in research studies.

According to the University of South Africa (2013:03), participants should not be harmed, subjected to discomfort, embarrassed, ridiculed or subjected to any form of mental distress:

- Participants should not be deceived about the length of the questionnaire, the reason for the research study or, about the identities of the researcher or sponsor of the research study University of South Africa (2013:04).
- Participants should not be forced to take part in the research study and should be informed about the reason for the research study University of South Africa (2013:04).

- All data obtained from the research study will be held in confidence. Participants' identities will also be confidential and will not be disclosed to anyone or any organisation and will be used only for the purpose of this research study University of South Africa (2013:05).

The researcher obtained ethical clearance (reference number: 2006_MRM_006) from the Bureau of Marketing Research at UNISA (see Annexure B).

Delimitations of the study are discussed next.

1.9 DELIMITATIONS OF THE STUDY

This research study is limited to participants selected from Durban and the North Coast of KwaZulu Natal. However due to the quantitative nature of the research study, the findings obtained are intended to be transferable. The sample is aimed to be as representative as possible of South African consumers who frequent cosmetic retailers. However, the sample may not be representative of South Africans from the different Living Standards Measure's (LSM's) segments, but will be sufficient to explore this research problem in particular.

1.10 DEFINITION OF TERMS

Consumer Loyalty: Consumer loyalty refers to the attachment a consumer feels to a particular product or service and is highest when the consumer has a strong preference for a particular product or service (Griffin, 2013:01).

Cosmetic: A cosmetic product may be defined as, "any article, preparation or substance intended to be rubbed, poured, sprinkled or sprayed on or otherwise applied to the human body, including the epidermis, hair, teeth, mucous membranes of the oral cavity, lips and external genital organs, for purposes of cleansing, perfuming, correcting body odours,

conditioning, beautifying, protecting, promoting attractiveness or improving or altering the appearance and includes any part or ingredient of any such article or substance” (Staatskoerant, 2003:10).

Consumer: One that purchases, uses and disposes a consumable product that satisfies their needs (Polity, 2017:18).

Consumer behaviour: Specifically refers to the behavioural traits consumers display when making a purchasing decision that will satisfy their needs (Blythe, 2013:05). “Consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items” (Blythe, 2013:05).

Consumer Perception: Perception is the set of processes by which we recognise, organise and make sense of stimuli in our environment using the five senses of sight, sound, touch, smell and taste (Sternberg and Sternberg, 2012:90). The consumer or perceiver draws on prior knowledge, contextual information and sensory information to form a perception. (Sternberg and Sternberg, 2012:90). According to theory, direct perception asserts that perception is based on what the individual literally sees and is referred to as visual sensory input (Sternberg and Sternberg, 2012:90). Consumer perception can therefore be defined as consumer opinion about a retailer and the products the retailer sells, and is influenced by a retailer’s advertising, as well as the consumers personal experience with the retailer.

Data Coding: Data coding is a technical process during which participants responses to questions are coded (Zikmund *et al.*, 2013:470)

Data Editing: “Data editing is a critical and thorough examination of a completed questionnaire in terms of compliance with the criteria for collecting meaningful data and in order to deal with questionnaires that are not fully completed” ((Zikmund, 2013:68)).

Fashion retailers: Fashion is defined as textile and leather goods (natural and synthetic) which are used to cover or protect the human body. A retailer can be described as a business or organisation such as chain stores that purchases products from larger organisations, such as wholesalers, with the intention of reselling those products to the public or target consumer (Stats SA (SIC), 2012:165-172).

Loyalty Programme: A loyalty programme, which is also referred to as a reward programme, is usually introduced to encourage consumer loyalty by rewarding consumers on the total value of the consumer's purchase of either goods or services during a specific time period (Yi & Jeon, 2009:02). The goal of loyalty programmes is to encourage consumers to remain loyal to a particular retailer (Withiam, 2013:01).

Non-probability sampling: The chances (probability) of selecting members from the target population are unknown. (Blanche *et al.*, 2012:139).

Retailer: A business or organisation involved in the reselling of new and used goods to the general public for personal or household consumption (Gauteng Provincial Treasury, 2012:03).

Perception: Perception is the set of processes by which we recognise, organize and make sense of stimuli in our environment using the five senses of sight, sound, touch, smell and taste (Sternberg and Sternberg, 2012:90).

Questionnaire: Questionnaires are a structured means of gathering data (Quinlan, 2011:482).

Quantitative Research: "Quantitative research generally involves the collection of primary data" from a representative sample of the population under study "with the intention of projecting results to a wider population" (Beech, 2015:33).

Sample: A population sample is defined as a subset of a population from whom information is required (Beech, 2015:33).

1.11 PROPOSED CHAPTER OUTLINE

Chapter 1 introduces the research study. The introduction consists of an overview of the study and the purpose of the study. The primary research question together with the intention and purpose were discussed. A description of the proposed research methodology was also included. Chapter 1 concluded with a list of key terms and concepts used in the study and the proposed chapter outline for the study.

Chapter 2 describes how loyalty programmes originated and evolved. Chapter 4 also comprises of the reasons retailers use loyalty programmes and the importance of loyalty programmes for cosmetic retailers in South Africa.

Chapter 3 encompasses all aspects of consumer behaviour and describes how behaviour shapes consumers' perception towards loyalty programmes. Relevant aspects of consumer behaviour and consumer perception are described in detail.

Chapter 4 describes the methodology that will be used in the research study. The research design, sampling techniques, data collection methods and documentation is clearly explained.

Chapter 5 consists of the data analysis and interpretation of the research study from Chapter 5. Data from the research study is analysed according to the objectives described in Chapter 1.

Chapter 6 is the final chapter and encompasses the conclusions and recommendations of the study. This chapter discusses how the research undertaken may or may not contribute to the cosmetic retailer industry.

SUMMARY

Chapter one commenced with a discussion of the purpose of the study and a description of the South African retail industry. South African consumer cosmetic retailing was discussed, as well as the importance of cosmetic retailing to the South African retail industry. A discussion of consumer loyalty programmes and consumer behaviour followed. The research design was described and the research methodology for the research study was presented. A glossary of important terminology used in the research study was included. Chapter one concludes with a chapter summary of the research report.

CHAPTER TWO: CONSUMER LOYALTY PROGRAMMES IN THE SOUTH AFRICAN COSMETIC RETAIL INDUSTRY

2.1 INTRODUCTION

Chapter two commences with a brief discussion on the South African Cosmetic Retail Industry; definitions of consumer loyalty and discusses the crucial elements of which consumer loyalty is comprised of. The importance of long term consumer loyalty and its impact on profitability is described. This chapter also includes a description of the different types of consumers that exist and the type of loyalty and profitability they exhibit towards a retailer or organisation. Chapter two concludes with examples of loyalty programmes available in the South African cosmetic retail industry.

2.2. THE SOUTH AFRICAN RETAIL INDUSTRY

The retail industry is best described by using the Standard Industrial Classification from Statistics South Africa (SIC) which states that "retailing is the resale (sale without transformation), of new and used goods mainly to the general public for personal or household consumption or utilisation, by shops, department stores, stalls, mail-order houses, door-to-door sales persons, hawkers and peddlers, consumer cooperatives, auction houses, etc." (Stats SA (SIC), 2012:155). Retailers purchase their products from wholesalers, who buy and store goods from manufacturers or importers and then sell them directly to consumers for profit (Mbalo, 2012:01). Retailing is also described as a relationship between companies such as other retailers that purchase products from larger organisations, such as wholesalers, with the intention of reselling those products to the public or target consumers.

The retail industry is classified under the tertiary sector and falls within the wholesale and retail sub-sector (also known as the trade sub-sector) (Stats SA (SIC), 2012:155). In

South Africa, cosmetic retailers are classified under retailers in pharmaceutical and medical goods, cosmetics and toiletries (Statistics SA (p6242.1), 2012:10).

The rapid growth of the South African retail industry can be credited to South Africa's democracy which was born in 1994 and paved the way for various international retail giants such as Walmart to invest in South Africa (du Preez, 2014:12-13). Kgomoewana (2014:30-31) credits the rapid growth of the South African retail industry to the development of crucial infrastructure such as roads which allowed retailers access to previously inaccessible markets. According to Statistics South Africa, annual retail sales increased by 3.4% in December 2016 and contributed R926 439 million to the Gross Domestic Profit (Statistics South Africa (P6242.1), 2017:07).

Statistics SA (2012:165-172) segments the retail industry into different clusters which may be broadly categorised as follows:

- General dealers.
- Retailers of food, beverages and tobacco in specialised stores.
- Retailers in pharmaceutical and medical goods, cosmetics and toiletries.
- Retailers in textiles, clothing, footwear and leather goods.
- Retailers in household furniture, appliances and equipment.
- Retailers in hardware, paint and glass; and
- All other retailers.

The cosmetics industry is classified under section 4762 in the SIC (Statistics SA, 2012:170) which describes the cosmetic retail industry as retailers that specialise in the "retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores." Statistics SA (SIC) (2012:170) further subdivides section 4762 as follows:

- Retail sale of pharmaceuticals.
- Retail sale of medical and orthopaedic goods; and
- Retail sale of perfume and cosmetic articles.

The cosmetic retail industry has grown faster than any other sector in South Africa (Clicks Annual Integrated Report, 2016:23). Globally the cosmetic industry is expected to be worth approximately five hundred billion US dollars by 2020 (Adams, 2016:06).

A brief discussion on the South African cosmetic retail industry follows.

2.2.1 The South African Cosmetic Retail Industry

The Foodstuffs, Cosmetics and Disinfectants Act 54 Of 1972 defines cosmetic as "any article or substance [except a drug as defined in the Drugs Control Act, 1965 (Act 101 of 1965)] intended to be rubbed, poured, sprinkled or sprayed on or otherwise applied to the human body for purposes of cleansing, beautifying, promoting attractiveness or improving or altering the appearance, and includes any part or ingredient of any such article or substance" (Western Cape Government, 2013:05). Examples of cosmetic products are body lotions, toothpaste, moisturisers, lipstick, perfume and many more. As explained in Chapter One, cosmetic products include products used to beautify one's face, skin, hair, nails and more, and a cosmetic retailer can be defined as a business that sells cosmetics and cosmetic related products directly to the consumer for their personal use.

Men and women throughout the world use cosmetics as an aid to correct facial blemishes and complexion; disguise body odour and, enhance their overall appearance to increase their self-confidence (Adams, 2016:12). South African men in particular have improved their grooming habits and equate good grooming habits with hygiene and self-respect (Fuhr, 2014:203). The increase in the grooming habits of South African men and women has fuelled the steady growth of the cosmetic industry since 1994 (Fuhr, 2014:203) which is presently estimated to be worth about twenty-nine billion Rands (Disu, 2017:01).

The South African cosmetic industry has been identified by the National Government as a "vibrant and varied industry" that can be expanded further (Imrie, 2014:01).

Imrie, (2014:2-10) also states that the cosmetic industry is self-regulated but cosmetics products must meet the standards and guidelines as set out by the following bodies:

- The Cosmetic, Toiletry and Fragrance Association of South Africa (CTFA).
- Chemical and Allied Industries Association (CAIA).
- Permanent Cosmetic Association of South Africa (PCASA).
- The Society of Cosmetic Chemists South Africa (COSCHEM); and
- The Cosmetic Export Council of South Africa (CECOSA).

Popular South African cosmetic retailers include Red Square, The Body Shop, Ralo, Lush, Smashbox and other many smaller cosmetic retailers. For the purpose of this study only Red Square, The Body Shop, Clicks, Sorbet, LaVita Spa, Mac and Dischem will be included. Red Square has dominated the prestige cosmetics market by commanding 50% of sales (Philips, 2014:09, Tshandu, 2016:01). Clicks is a health, home and beauty retailer that has been independently rated as South Africa's leading beauty retailer and is included in this study because the retailer currently commands approximately 31.4% of the local cosmetic industry (Euromonitor International, 2017: 01). Dischem is included in this study because cosmetic products are included in the front store section in all Dis Chem stores and the growth of cosmetics products within Dis Chem has led to the introduction of skin care salons in most Dis Chem stores (Dis-Chem Pharmacies Limited Pre-listing Statement, 2016:42). Dischem presently commands 3.7% of the local cosmetic retail industry while Red Square commands 1.2% of the local cosmetic retail industry (Euromonitor International, 2017:01). The Body Shop is a part of the Clicks Group but it has also grown significantly on its own in 2014 with 14.25% increase in sales since 2013 (Clicks Groups Limited Annual Integrated Statement, 2016:14). Sorbet Beauty Salon has been included in the study because Sorbet also sells a wide range of hair and skin care products in over a hundred salons across South Africa (Fuhr, 2014:197-206). Sorbet is discussed in further detail in section 2.4.1.

2.3 THE INFLUENCE OF THE COSMETIC INDUSTRY ON THE SOUTH AFRICAN COSMETIC RETAIL INDUSTRY

The cosmetic industry shot into the spotlight in the early twentieth century when the Hollywood Film Industry and the glamorous celebrity world that accompanied it came into existence (Britton, 2012:05). Women were encouraged to wear rouge, powder, eye shadow and perfume to emulate the look of Hollywood actresses at the time (Britton, 2012:06). The popularity of cosmetic products coupled with the rapid rise of urbanization in the USA in the 1920's lead to the evolution of the first formal cosmetic retail industry in the world (Frith, 2014:16-17).

Iconic entrepreneurs such as Elizabeth Arden, Max Factor and Helena Rubinstein took full advantage of the gaps in the fledgling cosmetic industry and developed and launched cosmetic products internationally (Jones, 2011:890). Major European cosmetic industry players such as Piver, Guerlain and Rimmel also opened cosmetic retail shops in foreign countries including South Africa to sell their cosmetic products to consumers (Frith, 2014:16-17).

The South African cosmetic retail industry in particular was cast into the spotlight after being identified as an emerging and untapped market by major players in the international cosmetic industry such as L'Oreal, Revlon, Estee Lauder and many more (Adams, 2014:31-34). The international interest in the South African cosmetic industry soon lead to the inception of upmarket cosmetic retail stores such as Red Square and the Body Shop which specializes in selling high end cosmetics (Disu, 2017:01). Red Square's product mix compromises mainly of upmarket brands such as Estee Lauder, L'Oreal, Clinique, Yardley and Rimmel (Red Square, 2017:01). The Body Shop which is an international brand on its own also took full advantage of the untapped South African market and launched cosmetic products made from natural ingredients as the core products (Clicks Group Limited Annual Integrated report, 2013:04). Local entrepreneurs have also latched onto the trend of launching cosmetic retailers and designed their own beauty products for the South African market (Mdluli, 2017:76). Cosmetic brands such as

Africology uses ingredients such as rooibos, marula and aloe ferox which are grown locally in their products (Diarmid, 2017:55).

General dealers, specialist fashion retailers and FMCG retailers also took note of the lucrative cosmetic industry and quickly included cosmetics products within their product ranges due to consumer demand and the high return they yielded due to sales of cosmetic products (Tshandu, 2016:01). Fashion retailers in particular have taken full advantage of the entry of successful overseas cosmetic houses such as Estee Lauder, Revlon, Vichy and Yardley and have included specialist cosmetic counters for each of the cosmetic brands within their store layout (The Foschini Group Annual Integrated Report, 2014:22). As a result of various types of fashion, food and grocery retailers including cosmetic products within their product mix to lure consumers, it has become necessary for cosmetic retailers to differentiate themselves in order to entice consumers from the competition. Cosmetic retailers should therefore consider alternate methods of differentiation in order to retain existing consumers and win over new consumers. One of these methods is the introduction and use of consumer loyalty programmes.

Although the goal of any retailer is to increase their market share, the competition in the cosmetic retail industry is intense as retailers strive to attract the most profitable consumers (Watkinson, 2012:162; Euromonitor International, 2015:01). Since consumers are able to choose from a variety of retailers before making a purchase, retailers may differentiate themselves from competitors by rewarding consumers for their purchases through the use of consumer loyalty programmes (Cromhout, 2016:10). Consumer loyalty programmes attempt to reward consumer (and businesses) for repeatedly purchasing from the same retailer despite the intense competition in the retail industry (Hanover, 2011:02).

However, it is important to note that although cosmetic retailers may have a consumer loyalty programme in place, consumers would have to exhibit loyalty in order for the consumer loyalty programme to be a success (Khan, 2014:74). A discussion on consumer loyalty follows commencing with a definition of consumer loyalty.

2.4 CONSUMER LOYALTY

Generally speaking, consumer loyalty refers to a consumer's commitment to repeatedly purchase a brand or service and, the positive behavioural repercussions such as word of mouth advocacy (Khan, 2014:74). Bauer (2017:19) describes consumer loyalty as the willingness of a consumer to continuously purchase the same product and maintain his or her profitable relationship with a specific organisation. Fuhr (2014:176) describes loyal consumers as fans or 'brand champions' of a particular brand. Loyal consumers tend to favour one brand over others mainly due to their experience with the favoured brand (Watkinson, 2013:05). When applied to the retail industry, and cosmetic retailers in particular, loyal consumers will favour one retailer over another (Du Toit, 2012:11). Consumer loyalty to a retailer refers to the consumer's tendency to repeatedly purchase the same or similar products at a specific store (Bauer, 2017:19).

Tate and Lord (2014:03) suggest that the core of consumer loyalty includes the consumer's engagement or experience with the product, brand or, retailer in question. Consumer loyalty has risen in importance over the years with many retailers giving more recognition to loyal patrons (van Rooyen, 2017:60).

Consumer loyalty first rose to prominence when Copeland coined the term "brand insistence" (Maheshwari, Lodorfos & Jacobsen, 2014:13) in a 1923 research study that discussed the number of times consumers purchased a specific brand (Spacey, 2016:01). The term brand loyalty was born out of studies based on repeat purchase behaviour and referred to consumers' preferences for purchasing specific brands regularly (Anik and Putri, 2014:03). Copeland's study resulted in more research that resulted in researchers defining consumer loyalty as repeat purchase behaviour of a specific brand (Maheshwari, Lodorfos & Jacobsen, 2014:13).

Since then researchers have intensely scrutinised the reasons why consumers tend to patronise certain brands based on repeat purchase behaviour to study consumer loyalty

(Idrees, Xinping, Shafi, Hua & Nazeer, 2015:02). Jobber and Ellis-Chadwick (2013:18) cite consumers' positive responses to the various marketing strategies utilised by retailers and enterprises to lure consumers as triggers of consumer loyalty. Perreau (2013:29) credits the quality of a consumer's shopping experience as a determining factor that may or may not lead to consumer loyalty amongst retailers. Retailers worldwide realised the value of loyal consumers and acknowledge that without loyal consumers it is almost impossible to grow their business and, as a result have focussed their marketing campaigns on "meeting consumers" needs and developing their trust and loyalty" (Cromhout, 2016:09). An increasing number of companies worldwide have acknowledged that prioritising consumers assists their organisation in managing and measuring success (Brink and Berndt in du Toit, 2012:10). As a result, organisations including retailers, have shifted their focus from profits, goals and increasing market share to techniques that enable them to measure success in terms of consumer loyalty and the corresponding impact on profitability and growth (Packer in Kallier, 2016:14).

The term consumer loyalty was derived as organisations realised that part of their financial success depended on maintaining existing consumers or fostering a culture of consumer loyalty (Anik and Putri, 2014:03). The latter is especially significant in the modern cosmetic retail industry where consumers are spoilt for choice due to the array of products and brands that are available to them (Aggarwal, 2014:01). This has led to retailers seeking to differentiate themselves from competitors through enhancing consumer satisfaction – a factor that is closely linked with consumer loyalty (Toyese, 2014:44) which is briefly discussed in section 2.4.2.1. Bennet and Thiele in Mise, Nair, Odera & Ogutu (2013:24) state that "if the customers experience a high level of satisfaction they are predisposed to the particular brand and intention to repurchase." Mise, *et al.*, (2013:23) explain that repeat purchasing is a "behavioural tendency where consumers purchase the same product or brand regularly and consistently." The behavioural and attitudinal factors are briefly explained in Chapter Three.

2.4.1 The Value of Consumer Loyalty in the South African Cosmetic Retail Industry

The increase in the import and export of locally produced cosmetics products has cast the South African cosmetics retail industry into the international spotlight (Yeomans, 2014:01). The growing international interest in the South African cosmetic industry (Disu, 2017:01) has highlighted the need for local players in the cosmetic industry to differentiate themselves from the various competitors through using methods such as rewarding consumer loyalty.

Loyal consumers have been considered as valuable assets to retailers due to their considerable economic benefits (Hatton, 2017:27). Hatton (2017:27) goes on to state that profit from a loyal consumer increases the longer the consumer is retained i.e. loyal consumers spend more money over time. Various research studies link consumer loyalty with consumer profitability. South African retailers followed in the footsteps of their international counterparts by steadily focussing their marketing campaigns on building consumer loyalty (Olivier and Burnstone, 2014:05) after the local retail industry experienced significant economic growth (Graham, 2015:35) since the release of Nelson Mandela in 1990 (Hartley, 2014:13). Consumers were able to choose from a number of retailers before making a purchasing decision and South African retailers soon opted to introduce loyalty programmes to attract consumers (Graham, 2015:35, Kalliatakis, 2015:64).

Since retailers with strong consumer loyalty possess valuable competitive advantages (Lafley and Martin, 2017:48) it is necessary to understand how consumer loyalty affects consumer profitability within the South African cosmetic retail industry. South African consumers who are loyal to a particular retailer spend at least 20% more on purchases than consumers who are not loyal (Moorad, 2013:01). Clicks Chief Operating Officer, Keith Warbuton attributes the brand's success to the store's wide range of cosmetics products which places Clicks at a competitive advantage (Clicks Group Limited, 2014:32). Clicks Group Limited loyal consumers grew from 4.7 million loyal members in 2014 to 6.2 million loyal members in 2016 and accounted for 77% of sales in 2016 (Clicks Group

Limited, 2015:33, 2016:09). The Body Shop South Africa credits 57% of its sales to its loyal consumers (Moorad, 2014:01).

According to Idrees, *et al.*, (2015:02-05) consumer loyalty affects the lifetime value of a consumer in terms of:

- Retailer profits,
- Costs related to acquiring the consumer and,
- Maintaining a relationship with the consumer.

Rouse (2015:01) explained the lifetime value of loyal consumers to illustrate the growth of a retailer's loyal consumer base by using an example of three retailers each commencing with 100 000 consumers as follows:

Consumer growth occurs at a rate of 10 000 new consumers per year over a ten year period. Retailer X manages to convert 80% of consumers into loyal consumers, Retailer Y has a loyalty rate of 90% while Retailer Z has a loyalty rate of 95%. Retailer X's consumers are loyal for about 5 years, Retailer Y's consumers remain loyal for 10 years while Retailer Z's consumers remain loyal for 20 years. In growth terms Retailer X's loyal consumer base is reduced to 55 000, Retailer Y's loyal consumer base remains unchanged while Retailer Z's loyal consumer base grows to 140 000.

Ian Fuhr (2014:143), local entrepreneur and founder of the Sorbet Salon and Cosmetic brand, affirms that the success of any retailer or brand depends on long term consumer loyalty and illustrates the long-term value of consumer loyalty as follows:

Consumer A spends R500 per month at Sorbet.

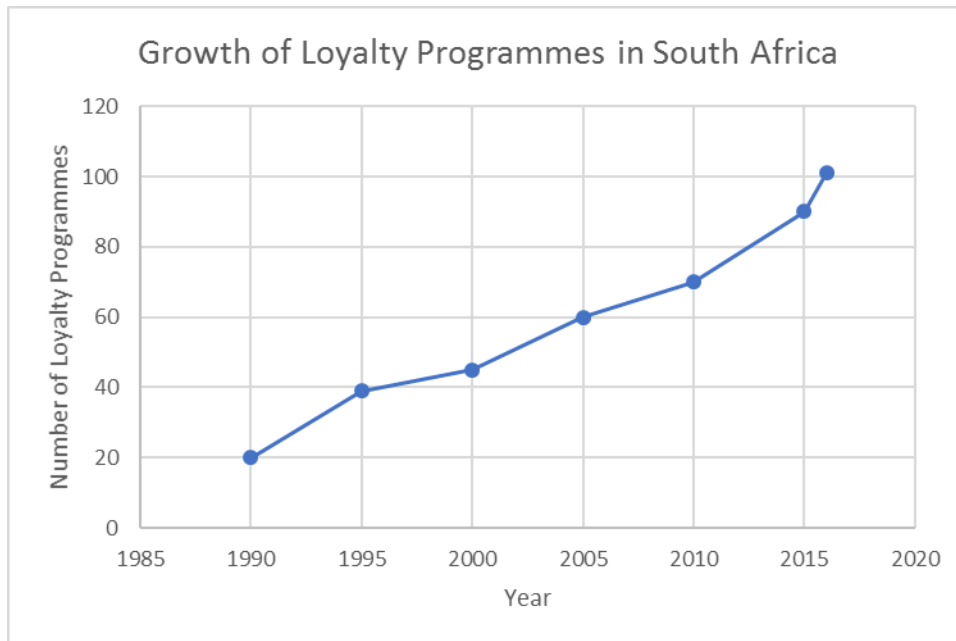
Over a year Consumer A spends $R500 \times 12 = R6000$.

Over 5 years Consumer A would spend $R6000 \times 5 = R30\ 000$.

Fuhr (2014:144) believes that in order to grow their profits every retailer should view its ordinary consumers as potential long term loyal consumers. As a result of various studies praising the value of consumer loyalty, loyalty programmes have increased significantly

in the South African market, growing from 57 programmes in 2005 to over 100 in 2016 (Cromhout, 2016:08). Figure 2.1 illustrates the growth of loyalty programmes in South Africa since 1990.

Figure 2.1 The Growth Of Loyalty Programmes In South Africa Since 1990



Source: Cromhout, (2016)

Figure 2.1 clearly illustrates the growth of loyalty programmes in South Africa since 1990. Olivier and Burnstone (2014:04) attributed the growth of loyalty programmes in South Africa to:

- A retailer's need to encourage consumers to frequently purchase their products.
- The necessity for a business enterprise to collect behavioural data on their consumers.
- A means of treating frequent purchases differently or preferentially; and
- The need to keep up with competitors.

Lafley and Martin (2017:48-50) describe the above factors as a service profit chain where clear relationships between profitability, consumer loyalty, employee satisfaction, employee loyalty and productivity are established. The service profit chain is briefly explained in section 2.4.2.1.

Now that the value of consumer loyalty within the South African cosmetic retail industry has been explained by using the key players therein, it is necessary to recognise the factors that lead to consumer loyalty. Once South African retailers understand how and when consumers choose to become loyal to a particular retailer, it will be easier to convert regular consumers into long-term loyal consumers.

2.4.2 Factors Leading To Consumer Loyalty

South African retailers have realised the importance of converting their existing consumers into loyal consumers (Bagram and Khan, 2012:01), because sustained growth within a retailer is mostly determined by the growing number of loyal consumers who have been with the retailer for a long-term period (Kgomoeswana:2014:30). Retailers can achieve consumer loyalty by concentrating their efforts on two key factors:

- Consumer satisfaction (Bagram and Khan, 2012:01) and,
- Trust (Brassington and Pettitt, 2013:123).

2.4.2.1 Consumer Satisfaction

Hutt and Speh (2013:229) suggest that consumer satisfaction is linked to consumer loyalty. Green (2015:39-42) explain that consumer satisfaction is the individual consumer's perception of the performance of the product or service in relation to his or her expectations. Todd (2014:41-45) explain that consumer satisfaction in a retail environment occurs when consumer's expectations are met by the retailer in question. Consumers' expectations determine consumers' experiences with a particular retailer, service or product; satisfaction and loyalty (Felix, 2015:43). Green (2015:39-42) further explains that if a consumer's experience falls below expectations, the consumer will be dissatisfied and a consumer whose experiences are matched, will be satisfied. Martinez (2012:14) states that consumer satisfaction leads to the consumer choosing to remain loyal to a retailer or repeatedly purchasing from a particular retailer.

According to Bagram and Khan (2012:02) consumer satisfaction is linked to product specifications that may fulfil consumers' specific needs. In a study conducted by Dr. Buchald-Werner (2011:34), it was revealed that South African consumers will remain loyal to cosmetic brands that are affordable and reliable and will be satisfied with products that contain natural ingredients. The growing consumer demand for cosmetic products that meets the hair and skin care needs of the culturally diverse South African population has led to intense competition within the South African Cosmetic Retail Industry (Adams, 2014:31-34). Consumer satisfaction or dissatisfaction "is an emotion that feeds a consumer's attitude and will influence future purchases (Mpinganjira, Dos Santos, Botha, Du Toit, Erasmus, Maree & Mugobo, 2013:24). Mpinganjira *et al*, (2013:24) further explain that a satisfied consumer is more likely to return to a retailer and purchase the same product in the future and thus becomes a loyal consumer.

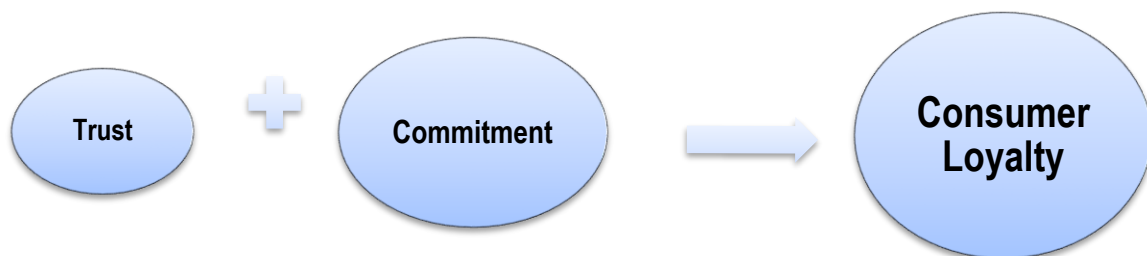
However, Lafley and Martin (2017:48-50) argue that consumer satisfaction may not always be enough to encourage consumers to remain loyal to a retailer. Young (2015:68-69) explains that enhancing internal service quality (equipping employees with the skills and power to serve customers) raises employee satisfaction, which fuels employee loyalty and productivity, which boost external service value – which then increases customer satisfaction and loyalty. In other words, a retailer's commitment to enhance consumer satisfaction stems from an internal culture that begins with its employees' willingness to provide superior service to all its consumers. Young (2015:68-69) describes the latter process as a service profit chain where all the activities carried out by a retailer affects consumer satisfaction. Champion (2017:58) explains that while consumer satisfaction measures consumers' happiness with a retailer, retailers strive to seduce happy consumers into forging a long-term commitment through trust. Trust is briefly discussed next.

2.4.2.2 Consumer Trust

Spruijt (2017:23) explains that consumer trust is the foundation for maintaining a long-standing relationship with customers, and it helps to increase the chances that customers will remain loyal. Trust is developed by offering consumers value added products and services to enhance their shopping experience and ensure they repeatedly purchase from the same retailer (Hatton, 2017:17). Zak (2017:89) argues that in order to achieve consumer loyalty, businesses should instil positive feelings of trust in their consumers.

Trust is also an integral factor in building personal relationships with consumers and leads to consumer loyalty (Watkins, 2013:178). Cosmetic retailers must focus on building trust to achieve loyalty since it is very easy for a consumer to switch from one retailer to another without any monetary or emotional impact (Iwuoha, 2013:01). Martinez (2012:124) explains that in order to create a feeling of trust, retailers should strive to create good shopping experiences for their consumers to prevent consumers from switching to other retailers. Kgomoewana (2014:116) believes that trust is the platform for building an effective relationship with consumers. Zak (2017:86-90) affirms that trust and commitment are the foundation of any successful relationship. The trust commitment model as described Watkins (2013:178) by is depicted in Figure 2.2.

Figure 2.2 The Trust Commitment Model



Source: Watkinson (2013)

Trust and commitment has long been recognised as key contributors in building consumer loyalty (Marcouse, 2014:34). Du Plessis, Strydom and Jooste (2012:12) state that trust and commitment are crucial elements in the development of consumer loyalty. Du Plessis *et al.*, (2012:12) explain that trust exists when consumers have confidence in the reliability and integrity of a retailer. Commitment refers to the belief that the relationship is worth sustaining. Du Toit (2012:11) believes that in order for a retailer to build a successful relationship with its consumers, the retailer should strive to increase the levels of trust and commitment displayed by its consumers to strengthen consumers' emotional bond with the retailer. Kalliatakis (2015:64) explains that consumers at their highest level of emotional attachment purchased two to four times more than other consumers.

The advantages of consumer loyalty are discussed next.

2.4.3 The Advantages of Consumer Loyalty

Khan (2012:169) states that consumers are not only influenced by a product's price and specifications but also by their relationship with the retailer in question. Loyal consumers continue purchasing from their preferred retailer despite occasional errs in service on the retailer's part (Todd, 2014:41-44). Consumer loyalty has recently been recognised as the most valuable result of marketing strategies (Kgomoewana, 2014:116), 2015:68-70). Kgomoewana (2014:116) also state that consumer loyalty is beneficial to both the consumer and the retailer mainly because of the reduced cost in attracting new consumers and positive word-of-mouth marketing by existing consumers.

According to Sieff and Silbert (2015:51) the advantages of a successful consumer loyalty programme contributes to the strategic success of an organisation or enterprise. Table 2.2 contains a summary of the benefits of consumer loyalty as determined by Watkinson (2013:166-168).

Table 2.1 Advantages of Consumer Loyalty

ADVANTAGE	DESCRIPTION
Ability to measure loyalty	The relationship between the consumer and the product or brand is measured using indicators such as "Is the brand respected?" and, "Will the consumer recommend the brand to others?"
Exit Interviews	Organisations are able to "conduct exit interviews with those who "leave" the product or brand to locate points of vulnerability." This will enable the organisation to prevent losing more consumers in future.
Foster a consumer culture	Staff throughout the organisation are encouraged to keep the consumer happy through positive and helpful communications with the consumer as part of the service profit chain which is discussed in section 2.4.2.1
Measure the life time value of a consumer	The measurement of the lifetime value of a consumer helps the organisation determine the consumers' expected future purchases.
Rewards loyal consumers	Loyal consumers receive access to frequent buyer programmes, special or unexpected benefits or premiums.
Creates a sense of belonging	Consumers feel like they are a part of the organisation. This experience can be further enhanced through the creation of consumer clubs.
Communication between the consumer and organisation is improved.	Loyal consumers provide their contact to the organisation. Communication via direct mail, electronic mail and telephone is much easier and more convenient. Online consumer portals, toll-free telephone numbers and a consumer care department helps consumers communicate much more easily with the organisation.
Address consumer complaints	The organisation can resolve complaints that will help them to improve the product or brand and prevent future complaints.
Reduced Marketing Costs	Consumers are comfortable with the brand or product and prefer to use the same product or brand in the long term. The key to retaining consumers is to keep them happy and this is usually less expensive than attracting new consumers. Loyal consumers are also easier to please.
Reduced Competition	A brand or product that enjoys high loyalty may deter competitors from entering the market. Competitors require significant capital and advertising resources when entering a new market. Indications of high consumer loyalty signal that consumers are not vulnerable and will not switch brands easily.
Word of Mouth Marketing	"A relatively large, satisfied consumer base provides an image of a brand as an accepted, successful, enduring product that will include service back up and product improvements." Positive word of mouth marketing ensures that the product or brand will enjoy a large market share.

Source: Watkinson (2013)

Consumers know that there are benefits associated with remaining loyal to a retailer or organisation (Reczek, Haws & Summers, 2014:1066). For example, consumers in South Africa who purchase regularly at The Body Shop using a loyalty card receive a discount voucher every quarter (Clicks, 2015:01). Consumers therefore expect to be rewarded for repeated patronage to a retailer or organisation (Reczek, *et al.*, 2014:1066).

Watkinson (2013:08-20) highlights the effect of consumer loyalty on operating profits by discussing the following key factors in managing consumer loyalty:

1. **Acquisition Cost:** Attracting new consumers entails various costs such as advertising, direct mail, sales, commissions and management time. It costs approximately six times more to lure a new consumer than it does to retain an existing one.
2. **Base Profit:** "The base profit is the earnings on purchases before allowing for loyalty effects." Base profit increases the longer the retailer retains its consumers.
3. **Revenue Growth:** Loyal consumers spend more money on purchases as their relationship with a retailer grows. The increase in spending can be attributed to the consumer's knowledge about that particular retailer and trust in the retailer's product offerings, i.e. the more a consumer trusts a retailer, the more money he or she will be willing to spend on purchases at that retailer.
4. **Operating Costs:** It costs a retailer less money to serve a consumer who is familiar with the company's operations and policies. Less money will therefore be spent on customer service interventions should the dissatisfied consumer complain.

5. **Referrals:** Satisfied consumers recommend the retailer to others through word of mouth referrals. Word of mouth persuasion has long been recognised as a powerful form of advertising.
6. **Price Premium:** Existing consumers are not as price conscious as new consumers. New consumers are easily swayed by bargains and discounts which earns the retailer low margins.

Consumer loyalty programmes are used by retailers throughout the world to monitor consumers' transactions and provides retailers with valuable demographic data that helps them better understand consumer demands as well as consumer purchasing patterns (Reczek *et al.*, 2014:1066). Consumer loyalty programmes is discussed in detail next.

2.5 CONSUMER LOYALTY PROGRAMMES

Consumer loyalty programmes are used by retailers to reward consumers who purchase regularly and repeatedly from a particular retailer over a long period of time (Ferrel and Hartline, 2011:316). Consumer loyalty programmes were first used in the early 1900's by retailers to reward consumers who made regular and repeated purchases at their establishments (Hanover, 2011:04).

Khan (2014:74) describes loyalty programmes as an integrated sequence of marketing strategies designed to foster consumer loyalty. Loyalty programmes are generally designed to enhance consumer relationships by encouraging consumers to purchase repeatedly from an enterprise or brand and recommend the enterprise or brand to friends and relatives (Khan, 2012:168). A loyalty programme, which is also referred to as a reward programme, is usually introduced to encourage consumer loyalty by rewarding consumers on the total value of the consumer's purchase of either goods or services during a specific time period (Hutt and Speh, 2013:60-61).

Since loyal consumers repeatedly patronise one product, retailer or brand over another, loyal customers are more profitable than price sensitive consumers since they choose to repeatedly purchase a particular brand or from a specific retailer over a longer term (Van Rooyen, 2017:60). Returning consumers are considered to be more profitable since they can help increase sales volumes through repeat purchases (Jobber and Ellis-Chadwick, 2013:18). Robinson (2011:01) explains that the advertising and promotional costs associated with acquiring new consumers are more expensive than encouraging existing consumers to spend more money on their brands. At least eighty percent of sales revenue is obtained from twenty percent of existing consumers (Jobber and Ellis-Chadwick, 2013:18).

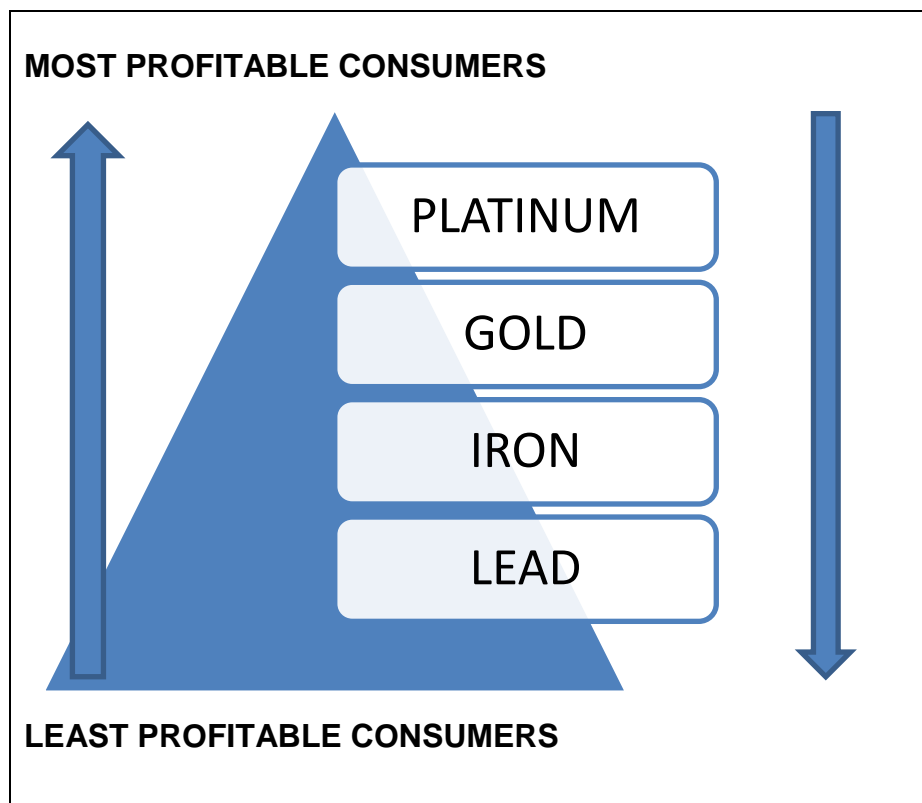
A distinct advantage of consumer loyalty programmes is that they allow retailers and South African cosmetic retailers in particular, to better understand their consumers' demands through data collection records or consumer purchase histories (Andrews, 2015:01). One of South Africa's leading cosmetic retailers, The Body Shop, which operates under New Clicks Holdings, uses its loyalty programme (Clicks ClubCard) to monitor changes in consumer behaviour and engage with the consumer if the behaviour changes negatively (Moorad, 2013:01). Consumer loyalty programmes also enable retailers to keep consumers informed of the latest marketing promotions since loyal consumers tend to increase the value of their purchases over a period of time and contribute to the overall profitability of the retailer (Du Plessis, Strydom and Jooste, 2012:551-552).

Hunter (2015:01) points out that although retailers focus on attracting new business they should also concentrate on "the twenty percent of clients who are currently the best consumers." Dahlgren (2011:17-23) place the best consumers into the "true friends" category. One method of managing consumers who possess different loyalty traits is through the use of segmentation where consumers with similar traits such as similar loyalty traits are grouped into one manageable category (Brassington and Pettitt, 2013:132). Retailers should therefore identify the most loyal consumers from the least loyal using the process of consumer loyalty segmentation which is discussed next.

2.6 CONSUMER LOYALTY SEGMENTATION WITHIN CONSUMER LOYALTY PROGRAMMES

Since the use of loyalty programmes enables retailers to keep a record of consumers' purchase histories, Berndt and Tait (2012:33) suggest that retailers identify the most profitable consumers based on their purchase histories and divide them into a segmented pyramid. The most profitable consumers are placed at the top of the pyramid and least loyal at the bottom of the pyramid. Consumer loyalty segmentation enables retailers to spend more time and money on their most loyal consumers and less resources on the least loyal (Brassington and Pettitt, 2013:132.) Figure 2.2 illustrates the Loyalty Segmentation Pyramid as described by Berndt and Tait (2012:33).

Figure 2.3 Consumer Loyalty Segmentation Pyramid



Source: Berndt and Tait (2012)

Berndt and Tait (2012:33-34) describe the four tiers of the consumer loyalty pyramid as follows:

- **Platinum:** The topmost segment of the pyramid comprises of the retailer's/organisation's most loyal consumers who choose consumer service over price when making purchases. Platinum consumers are influenced by customer service and are generally not price sensitive.
- **Gold:** Consumers in the gold category are not as loyal as consumers in the platinum category. "Gold" consumers are price sensitive and also shop at competing retailers.
- **Iron:** The third category of consumers does not add much value to a retailer's profits. Retailers should not pay special attention to consumers in the "Iron" segment.
- **Lead:** Consumers in the bottom most segment demand a lot of attention from a retailer but they do not purchase regularly. Consumers in this segment costs the retailer more money to attract and do not contribute any value to the retailer's profits.

Business enterprises must be able to identify the different types of consumers who purchase from them to build enduring and profitable relationships with their best consumers (Fuhr, 2014:176) who fall in the platinum segment. However since all consumers do not yield the same type of profitability, Kumar and Dahlgren (2011:16-23) identified four types of consumers and the type of profitability they yielded:

True Friends

- True friends yield high Loyalty and high Profitability.
- True Friends are satisfied with the company's products and services.
- They make regular, consistent purchases; and
- They are valuable assets and should be managed with special care.

Butterflies

- Butterflies yield low loyalty and high profitability; and
- Butterflies shop around for the best prices and do not build long-lasting relationships with any enterprise, product or brand.

Barnacles

- Barnacles yield high loyalty and low profitability
- Barnacles are long-term consumers who purchase infrequently and do not generate a satisfactory return on investment.
- They may purchase the same or similar products from a competitor.

Strangers

- Strangers yield low loyalty and low profitability.
- Strangers "represent a poor fit with the company's products and services."
- This type of consumer must be identified early on and removed from marketing instrument campaigns.

2.6.1 Examples of Segmentation in Consumer Loyalty Programmes in the South African Cosmetic Retail Industry

Presently the only tiered loyalty programme offered in South Africa by a cosmetic retailer, is the Clicks ClubCard Programme (Clicks, 2017:01). The two tiers of membership are as follows (Clicks, 2017:01):

- **Clicks Clubcard (Blue):** “Blue” consumers can earn cash back rewards by making qualifying purchases over a two-month period from Clicks, Musica and Body Shop Stores. Qualifying purchases must accumulate a hundred points over the two-month period to receive a cash back reward.
- **Clicks Clubcard (Gold):** Loyalty consumers who earn more than three hundred ClubCard points over a twelve-month period are upgraded to Gold status. "Gold" consumers earn bonus points after accumulating one hundred and fifty points during a qualification period. Gold ClubCard members also receive a free ClubCard magazine as part of their benefits.

2.7 LOYALTY PROGRAMMES OFFERED BY SOUTH AFRICAN COSMETIC RETAILERS

Loyalty programmes are quite popular in the South African retail industry (Cromhout, 2016:08). Competition in the retail industry is stiff, and retailers are constantly striving to attract new consumers while retaining existing consumers (Kgomoewana, 2014:116). Clicks Holdings Limited was one of the first retailers and cosmetic retailer to introduce a loyalty programme to loyal consumers (Kearney, 2013:01). Examples of loyalty programmes offered by cosmetic retailers in South Africa follows:

- **The Body Shop (Clicks Clubcard):** The Clicks ClubCard loyalty programme is one of the largest loyalty programmes in South Africa with 6.2 million active members in 2016 (Clicks Holdings Limited, 2016:07). The Clicks ClubCard loyalty programme offers members free funeral cover, free Baby Club Membership and double points rewards during selected promotions (Clicks Holdings Limited, 2016:07-17).
- **Red Square Thank U Rewards:** Red Square is a South African cosmetic retailer that is part of the Edcon Group of companies which includes Jet, Edgars, Boardmans and Legit (Red Square, 2017:01). Consumers earn 10 points for every

R1 spent and can also accumulate bonus points during special promotions (Red Square, 2017:01).

- **Dischem Loyalty Benefits Programme:** DisChem is a pharmaceutical retailer which also sells a wide range of specialist cosmetic products (DisChem, 2015:01). The DisChem Loyalty Benefits Programme allows consumers to accumulate points on every purchase and is also affiliated to the Absa Rewards Programme, FNB eBucks, Discovery Vitality, Medihelp and Legacy Lifestyle loyalty schemes (DisChem, 2015:01).
- **Sorbet:** Sorbet is a South African beauty salon that also sells a range of cosmetics (Sorbet, 2015:01). The Sorbet Loyalty programme is affiliated with the Clicks ClubCard Loyalty Programme (Sorbet, 2015:01). Consumers receive an R350.00 voucher to spend on any Sorbet treatment once they earn a qualifying 5300 points (Sorbet, 2015:01).

SUMMARY

Chapter two defined consumer loyalty and explained the value thereof within the South African cosmetic retail industry. South African consumer loyalty programmes was discussed, as well as examples of long term loyalty. The advantage of consumer loyalty is that it helps retailers understand the reason for consumers choosing to switch to competitors while the segmentation of loyalty programmes highlights the need for retailers to treat their most loyal consumers preferentially. Chapter two concludes with the segmentation of loyalty programmes in South Africa which helps cosmetic retailers to focus their efforts on long term loyal consumers.

CHAPTER THREE: CONSUMER BEHAVIOUR AND PERCEPTIONS

3.1 INTRODUCTION

A detailed discussion of consumer behaviour forms the focal point of Chapter three since consumer perception is an element of consumer behaviour (Simon and Manohar, 2015:39). The consumer behaviour process is discussed with the aid of a consumer behaviour model (Figure 3.1) depicting the key stages a consumer goes through before making a purchasing decision. Figure 3.1 provides an overview of Chapter three. A discussion on the various factors influencing consumer behaviour such as group and individual factors, follows. The process leading to the consumer's decision to purchase a product is described, concluding with the consumer's ultimate purchase decision. Consumer perception is defined and discussed in detail. The elements of perception are explained. The chapter concludes with a brief description of the dynamic consumer journey, followed by the relevance of chapter three to the study. Chapter three concludes with a summary.

3.2 DEFINING CONSUMER BEHAVIOUR

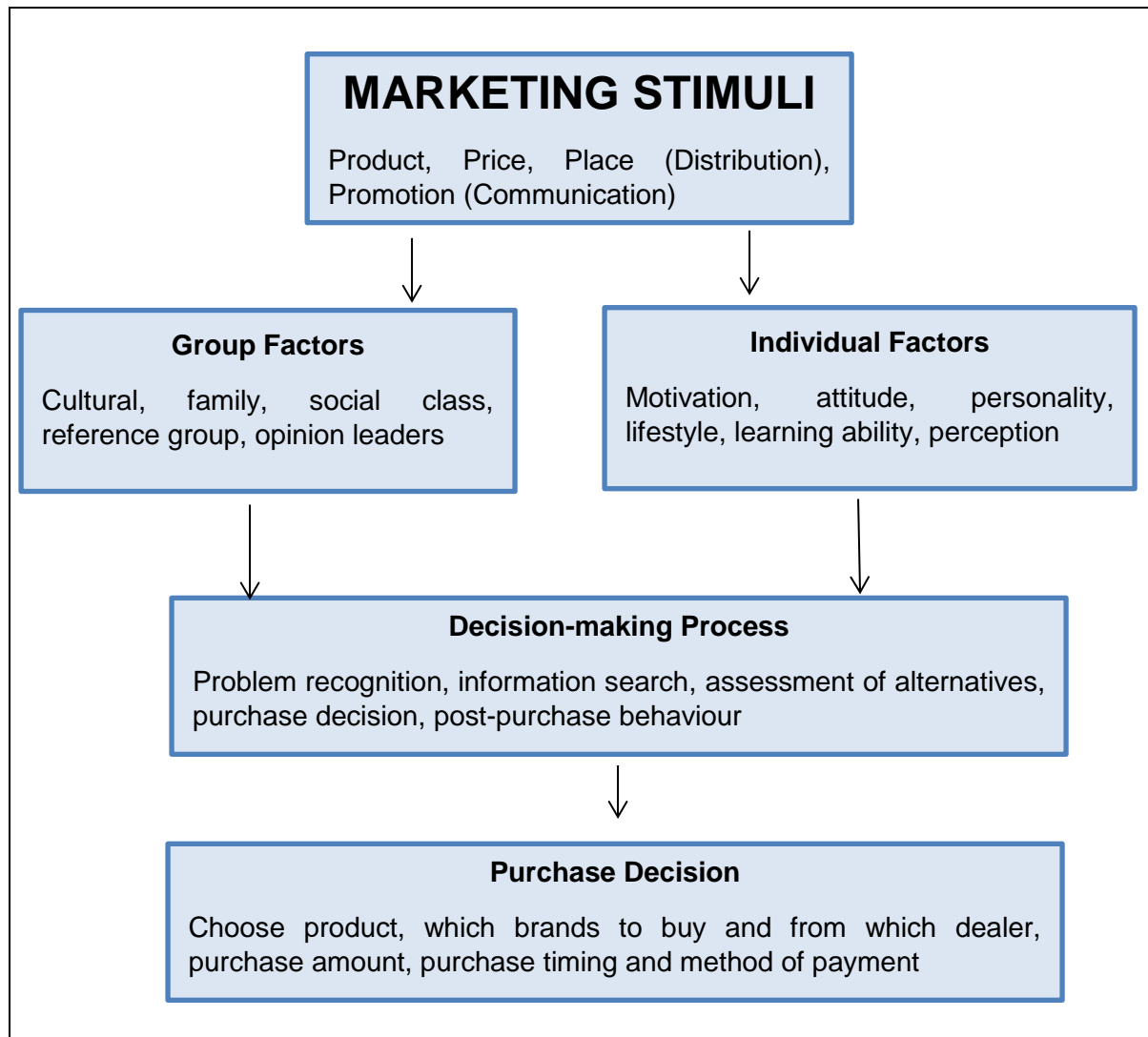
Consumer behaviour is a relatively young field of study which came into existence in the 1960's (Parumasur and Roberts-Lombard, 2014:01). The upsurge in the 1950's highlighted the importance of understanding consumer behaviour since a crucial part of an organisation's existence is determined by consumers' needs and wants which in turn determines consumers' behaviour towards that organisation (Parumasur and Roberts-Lombard, 2014:01). The study of consumer behaviour is based on a combination of principles from the disciplines of economics, sociology, psychology, anthropology and neuroscience (Blythe, 2013:13). Consumer behaviour also studies consumers' thoughts, feelings and plans when making purchasing decisions and knowledge of consumer behaviour is especially advantageous for retailers and marketers when the latter plan to

inform consumers about the benefits of using their loyalty programmes (Abedi, Ghorbani, Kamali, Mohammadnaser & Harooni, 2013:18). However, Thull (2017:33) point out that consumer behaviour differs in consumers simply because the needs and desires of consumers are not the same.

Consumer behaviour is broadly defined as a study of individuals and the methods they use when choosing and utilising products and services and, the overall impact these choices have on the consumer and society in general (Thull, 2017:33). Blythe (2013:05) define consumer behaviour as the behavioural traits consumers' exhibit when choosing, buying, utilising, assessing and disposing of products and services that they anticipate will satisfy their needs. Consumer behaviour is also described as a "multitude of mental and physical processes associated with consumer decision-making" (Du Toit, 2013:12). Mandhlazi (2012:05) describes consumer behaviour as the "behaviour individuals or groups display with regards to the acquisition, use and disposal of products, services, ideas or experiences."

The consumer behaviour process is sequential in nature and comprises of different stages as illustrated in the Figure below. Figure 3.1. depicts a broad overview of the various steps in the consumer buying behaviour process (Cant and Van Heerden, 2013:01). The discussion that follows for the rest of the chapter will be based on the sequence of steps illustrated in the model. The consumer behaviour model first identifies the marketing stimuli that can influence consumer behaviour and then continues with the group and individual factors that influence consumers' final purchase decisions.

Figure 3.1 The Consumer Behaviour Model



Source: Cant and Van Heerden (2013)

The various components of the consumer behaviour model commencing with marketing stimuli, are illustrated in Figure 3.1. Consumers are constantly exposed to goods and services through the advertising methods retailers use in an attempt to influence consumers to purchase goods at their businesses (Price Waterhouse Coopers, 2012:06). Figure 3.1 shows the relationship between the various methods marketers use to draw attention to their products to influence consumers to purchase their products. The various factors illustrated above are discussed next. The discussion commences with a brief explanation of marketing stimuli in section 3.3 to provide a complete understanding of the

consumer behaviour model. As depicted in Figure 3.1, the consumer is influenced by both group and individual factors which is explained in section 3.4.

3.3 MARKETING STIMULI

The first component of the Consumer Behaviour model as shown in Figure 3.1 refers to marketing stimuli which has an impact on consumer behaviour. These components are product, price, place and promotion and are briefly explained here (Niewenhuizen, 2016:113). These will not be discussed in detail since they do not constitute the core of the study.

Businesses, especially retailers, acknowledged that great products and services do not sell themselves and that a detailed understanding of their specific target markets was necessary to ensure financial success (Esterhuysen and van der Merwe, 2016:02-03). Marketers then determined that even though a product could be created based on consumers' needs and demands, consumers would still need to purchase the product from a retailer (place), know about the product (promotion) and, know how much the product costs (price) (Esterhuysen and van der Merwe, 2016:02-03). For example, retailers may want consumers to learn about the loyalty programmes they offer by advertising the benefits offered to loyalty programme members (promotion and place); where they can obtain membership to the loyalty programmes (place); and how much they must spend in order to accumulate loyalty programme benefits (price).

As shown in t 3.1, retailers' marketing strategies usually consists of the four P's, namely, product, price, promotion and place (Machado and Diggins, 2012:07). The four P's, also known as the marketing mix, forms the core of the marketing plan used by retailers to determine exactly how consumers will be exposed to their products (Niewenhuizen, 2016:113).

The individual components of the marketing mix are each briefly discussed next.

3.3.1 Product

The first P (as shown in Figure 3.1) in the marketing mix refers to the goods or services an enterprise or organisation offers to its consumers (Ehmke, Fulton & Lusk, 2015:01). Traditionally the product has always played a key role in traditional marketing (Enache, 2011:03). Ideally the product should offer the consumer value for their money (du Plessis, Strydom & Jooste; 2012:22). The needs and desires of consumers also needs to be considered before a product is offered for sale to consumers (Westwood, 2011:179). When designing, developing or outsourcing a product, business enterprises must consider aspects such as quality of the product, features and packaging (Westwood, 2011:179). For example, the loyalty programme as a product to consumers, should offer consumers value for money benefits such as membership to a gymnasium at a discount, exclusive discounts on certain products, or free gifts after the consumer has spent a set amount on purchases.

3.3.2 Price

Price refers to the currency that is exchanged in return for a product or service (Lamb, Hair & McDaniel, 2012:559). Consumers often use the price of a product to determine the product quality and the benefits of purchasing that particular product (Bobeică, 2011:1315). Consumers usually perceive higher priced products to be of a higher quality than lower priced products (Bobeică, 2011:1315). However, Bauer (2017:19), warns that retailers must acknowledge that a product is only worth what a consumer is willing to pay for it. For example, a retailer may feel their loyalty programme is superior to others on the market due to the loyalty benefits offered, but the consumer may not feel the same way. As a result, the consumer will not be willing to spend money to earn benefits on that particular loyalty programme.

3.3.3 Place (Distribution)

Placement of the product is integral for the success of the product. The product must be accessible to consumers and retailers must ensure that the distribution channels they use, are effective in delivering the product nearest to the consumer's location (Esterhuyse and van der Merwe, 2016:74-78). Kotler (2015:01) describes the place as the location where the consumers will ideally purchase the goods offered by the retailer. Kotler (2015:01) states the place where consumers may purchase products is not limited to the physical location of the business premises but may also include mobile devices, mail, fax, internet, mobile unit, shopping malls, drive-through sections of a retailer, home delivery services, kiosks and vending machines. For example, retailers should inform consumers where they can join the loyalty programmes and also where they can use the loyalty programmes to accumulate benefits. In South Africa, for example, Clicks consumers can earn ClubCard points while indulging in treatments at Sorbet Spa's or purchasing Sorbet cosmetics at Sorbet.

3.3.4 Promotion (Communication)

Promotions, the last P as shown in Figure 3.1, refer to the methods business organisations use to communicate their marketing message about the products and services offered to consumers and to entice consumers to purchase their products (Musungwini and Zhou, 2014:134). Business organisations may make use of traditional print media, electronic media, social media or billboards to communicate their marketing message to consumers (Musungwini and Zhou, 2014:134). Promotion plays a role in the perception consumers may have about the products offered as a successful promotion also leads to greater brand awareness – consumers are able to easily identify a retailer (brand) based on the quality of the promotion (Mullins and Walker, 2013:289; 344). Since promotion also refers to the communication of products offered by a retailer, retailers should also concentrate their efforts on informing consumers about the loyalty programmes they offer. For example, retailers could place an insert in their latest print media pamphlet on the loyalty programme and how consumers can become members.

Since retailers focus time and attention on marketing stimuli to influence consumer behaviour, it is important to understand the various factors that influence consumer behaviour in detail. A discussion on factors affecting consumer behaviour follows below.

3.4 FACTORS AFFECTING CONSUMER BEHAVIOUR

As indicated in Figure 3.1, consumer behaviour is affected by a number of factors which can be divided in group and individual factors. These are discussed below commencing with group factors.

3.4.1 Group Factors

Consumers do not exist in isolation and are in constant contact with groups that influence their purchasing decisions for various reasons such as norms that are expected from group members (Joubert, 2013:26). According to Joubert (2013:26-27), the more involved a consumer is with a group, the more he/she will be influenced by the group's behaviour, namely, purchasing decisions. The most important groups influencing consumer decision-making as depicted in Figure 3.1 are: family, culture, social class, reference groups and opinion leaders. It is beneficial for retailers to understand the extent of the influence the mentioned groups wield on consumer purchasing decisions. A brief discussion of each group follows commencing with the family.

3.4.1.1 The family

Al-Azzam (2014:82) defines a family as two or more people residing together who are blood related or married. Since families share in the consumption of most products and services, this group shapes consumer behaviour from an early age. Children observe consumer consumption patterns within their families and repeat these consumption patterns later on in their lives (Ruzzier, Ruzzier & Hisrich, 2013:102). Rani (2014:56) affirms that consumer behaviour is strongly determined by family and that consumers will

be less inclined to purchase products they were not exposed to as children and teenagers. As a result, a family's reaction towards a loyalty programme offered by a cosmetic retailer will influence a related consumer's behaviour towards that particular loyalty programme.

Nguyen and Gizaw (2014:11-12) states that marketers must realise that family is the most basic group to belong to for the following reasons:

- A majority of the family decisions are made by the family unit.
- Consumer behaviour begins in the family unit.
- The family roles and preferences for certain products and brands are the model for the children's future families.
- The family buying decisions are a mixture of family interactions and individual decision-making.
- The family acts as an interpreter of social and cultural values for the individual.

Cant (2013:52-53) identifies four roles in the family decision-making process which has a significant effect on a consumer's purchase decision. The roles according to Cant (2013:52-53) are as follows:

- The initiator: This role belongs to the first person to suggest the product to a consumer and who also collects information about the product or service.
- The influencer: The influencer has a major impact on the consumer's final decision mainly due to his/her suggestions being reflected in the family's decision.
- The purchaser: Although the purchaser buys the product he/she acts on the command of the decision maker. The purchaser may also purchase a product based on his/her own preferences.
- The user: The user is the person who actually uses the product after it has been purchased.

Consumers are influenced more by the opinions of family and friends than by marketing messages (Root, Kelly, Dunning, Czarnomski, Hern, Ferland & Hannigan, 2012:01). For

example, a consumer may be inclined to seek the opinion of family and friends before signing up for a loyalty programme or, the consumer may also be influenced by culture.

3.4.1.2 Culture

Culture, which is the second group as shown in Figure 3.1, refers to a common set of beliefs, values and customary behaviour that is common to a particular sector of society or within a specific community (Ruzzier *et al.*, 2013:101). Cultural values and beliefs refers to acceptable behaviour from group members within the cultural context and varies from one culture to the next (Mpinganjira and Dos Santos, 2013:190).

According to Armstrong and Kotler (2013:111-115), culture has four distinctive characteristics that make it valuable to marketers:

- Culture satisfies the consumer's social need to belong.
- Group members learn the group culture over a period of time, for example, from birth to adulthood.
- Culture guides the behaviour of group members.
- Culture is enduring yet dynamic especially as it is passed down from one generation of consumers to the next.

Consumer loyalty segmentation which is discussed in Chapter two seeks to categorise consumers with similar beliefs and values (Brassington and Pettitt, 2013:132). The most loyal consumers are placed in the highest segment on a pyramid and the least loyal are placed on the lowest segment (Berndt and Tait, 2012:33-34). Retailers tend to spend more money and time on the service delivered to consumers placed in the highest segment of the pyramid (Brassington and Pettit, 2013:132). In this way, consumers in the highest segment of the pyramid grow accustomed to receiving superior service and soon adapt the exceptional service standards into their culture.

However, consumers are also influenced by social class as shown in Figure 3.1. A brief description of social class follows in the next section.

3.4.1.3 Social Class

Human beings by nature, are social creatures who interact with each other for various beneficial reasons (Iftikar, Hussain, Kahn & Ilyas, 2011:73). As a result, human beings tend to associate themselves with different groups in their daily lives which influence their behaviour and the choices they make (Durmaz and Kalyoncu, 2014:189). According to Durmaz and Kalyoncu, (2014:187-189), a social class is a group of people with similar levels of wealth, influence, attitudes, lifestyles, values and, status. People with similar characteristics are grouped into the same social class. Researchers believe that factors such as social class are significant determinants of consumer behaviour, as it has a powerful impact on consumer purchase behaviour (Armstrong and Kotler, 2013:160-161).

According to Perreau (2013:08) the desires and consumption behaviour of consumers from the three different social classes varies. For example, a consumer from the low social class may be influenced by the price of a product while a consumer from the high social class will be drawn to a product's characteristics such as quality, innovation and additional features (Perreau, 2013:08). For example, a consumer from a high social class may be drawn to loyalty programme benefits such as membership to an exclusive gym, while a consumer from the lower social class may be drawn to loyalty programme benefits such as a fifty percent discount on products.

Blythe (2013:19-20) believes that group behaviour is important to human beings since it significantly affects consumer behaviour and it is therefore important for marketers studying group behaviour as a social factor. According to Al-Azzam (2014:82-83), family and reference groups are the main social factors influencing consumer behaviour and is discussed next.

3.4.1.4 Reference Groups

Individuals choose groups they are comfortable associating themselves with (Blythe, 2013:19-20). Groups are defined by the type of clothing they wear or, the activities they engage in. Examples of reference groups are work groups, friends and religious groups. "The beliefs, values, attitudes, behaviours and, norms of the group are perceived" to be linked to the behaviour exhibited by the individuals belonging to that group (Eva and Judit in Al-Azzam, 2014:82).

Gherasim (2013:08) explains that reference groups affect consumer behaviour in several ways and a few of these ways are:

- Reference groups determines the consumer behaviour patterns and lifestyles;
- Reference groups impact consumer attitudes;
- Reference groups exert pressure on the consumer to conform to certain group norms or rules of conduct.

Products and brands are designed by marketers to appeal to certain groups and it is therefore important for retailers and companies to identify which social groups their products or brands appeal to (Gherasim, 2013:08). Similarly, it is also important for cosmetic retailers to determine which social groups their loyalty programme targets.

Scaraboto, Rossi & Costa (2012:250-251) believe that understanding reference groups is imperative, since reference groups may alter consumers' choice in three different manners:

- Through informational influence;
- Through normative acquiescence and,
- Through value expression.

The degree to which a reference group will affect consumer behaviour depends on how susceptible the consumer is to the influence of the reference group he or she belongs to

(Nguyen and Gizaw 2014:11-12). With regards to this study a consumer may be influenced by a reference group's influence towards a loyalty programme when faced with an option to join such a programme offered by a cosmetic retailer.

However, the consumer may also be influenced as depicted in Figure 3.1. Opinion leaders is briefly defined in the next section.

3.4.1.5 Opinion Leaders

Opinion leaders are individuals who are well-informed about a product and who provide advice to family and friends regarding the product (Mpinganjira and Dos Santos, 2013:180). Due to their knowledge and experience with a product, opinion leaders are able to influence the purchasing decisions of members within the group (Chakravarthy and Prasad, 2011:61). For example, an opinion leader may be a member of a loyalty programme and group members may turn to him/her for advice before joining the loyalty programme.

Now that the most important group factors have been discussed, it is important to understand the different individual factors affecting consumer behaviour as shown in Figure 3.1.

3.4.2 Individual Factors

The second group of factors that affects customer behaviour as indicated in Figure 3.1. is Individual factors. These factors are psychological in nature and are used by consumers to "interact with their outside world" (Lamb, Hair & McDaniel, 2011:215). The individual factors affecting consumer perception as illustrated in Figure 3.1, are motivation, perception, learning ability, attitude, personality and lifestyle. These factors are discussed next.

3.4.2.1 Drive and Motivation

Blythe (2013:18) states that a drive is a primary force that inspires one to do something, a consumer may for example be driven to sign up for a loyalty programme. A drive is created when an individual craves to reach a desired state which differs from his/her actual state (Durmaz and Diyarbakirhoğlu, 2011:37-38). A vast difference between the desired state and actual state often results in a strong drive (Durmaz and Diyarbakirhoğlu, 2011:37-38). An individual that possesses a drive and identifies a target that will help him/her reach his desired state is motivated. For example, an individual may want to spend less on high-end cosmetic products and will be motivated to join a loyalty programme offering discounts on such products.

Blythe (2013:07) states that it is important for marketers to understand what motivates consumers when make purchasing decisions in order to formulate a marketing plan. As a result, many retailers and businesses now place importance on consumer behaviour. Kerin, Hartley & Rudelius (2011:102) believe that motivation drives people to reach their goals and during their quest to do so the individual invests time, money, mental and physical energy.

3.4.2.2 Lifestyle

Lifestyle, the second individual factor as shown in Figure 3.1, is also known as psychographics and is based on the living patterns of consumers which ultimately affect their purchasing decisions (Lancaster and Massingham, 2011:89). Consumer lifestyles are determined by their activities, opinions and interests (Lamb *et al.*, 2012:214). Marketers have recently concluded that the lifestyles of consumers within certain groups differ and rely on psychographics to better understand the different lifestyles consumers lead (Lamb *et al.*, 2011:89). For example, loyalty programmes offering discounts on high-end cosmetics will not be targeted at consumers who prefer a wholesome and natural look with minimum cosmetic enhancement.

3.4.2.3 Learning Ability

The third individual factor as shown in Figure 3.1, is learning ability. Consumers learn through experience. Coon in Grieve, DeVenter & Mojaelo, (2013:152) define learning as "...a relatively permanent change in behaviour due to experience." In retail terms experience refers to a consumer's experience acquired while using a product. Learning allows consumer to make decisions about future purchases (Nguyen and Gizaw 2014:11-12). For example, a consumer may learn about the benefits of signing up for a loyalty programme after joining the loyalty programme and experiencing certain privileges available only to loyalty programme members.

3.4.2.4 Attitude

Attitude, which is the fourth factor, determines how one reacts towards various situations, decisions or people (Blythe, 2013:153). Within the context of consumer behaviour, attitude refers specifically to the opinion a consumer has about a certain product or service (Lancaster and Massingham, 2011:51). In terms of marketing, attitude refers to behaviour that arises after a consumer uses a product or service or, the consumer's acquisition of information through various media about the product or service he/she intends using in the future (Joubert, 2013:81). For example, a consumer may be satisfied or dissatisfied with the loyalty programme offered by a cosmetic retailer. The consumer's satisfaction or dissatisfaction will affect the consumer's attitude towards the loyalty programme. However, a consumer's attitude may also be influenced by the consumer's personality which is briefly discussed next.

3.4.2.5 Personality

Every individual possesses unique internal characteristics that define the way he/she thinks, feels and behaves and makes buying decisions (Meyer, Moore & Viljoen, 2013:157-158). These unique characteristics define the type of person one chooses to be regarding their personal preferences, preferred lifestyles, and so forth (Meyer *et al.*, 2013:8-10). Traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability and aggressiveness are used for describing the personality of an individual (Udo-Imeh, 2015:67). Blythe (2013:22) describes personality as a unique combination of "characteristics that determines who we are, the type of person we are and our likes and dislikes". Consumers are likely to purchase brands that enhance their personalities (Blythe, 2013:22) and may also choose a loyalty programme that they can personally identify with.

Personal experiences or hereditary traits lead to the creation of individual personality which makes an individual (consumer) unique (Pride and Ferrel, 2011:160). Examples of individual personality traits are compulsiveness, ambition, gregariousness, dogmatism, authoritarianism, introversion, extroversion and competitiveness (Pride and Ferrel, 2011:160).

Self-concept refers to the mental image one has of oneself and in consumer behaviour self-concept relates to consumption patterns, branding and other consumption-based aspects (Blythe, 2013:152). For example, a consumer may feel that because he/she is now earning more income he/she deserves to purchase high-end cosmetic products that are more innovative and beneficial. The consumer may choose to remain loyal to the high-end cosmetic product and be placed in the highest loyalty segment of the consumer loyalty pyramid (which is discussed in chapter two). The consumer's decision to join a loyalty programme will be determined by the consumer's perception towards that particular loyalty programme. A brief description of perception follows.

3.4.2.6 Perception

Perception, the sixth factor in Figure 3.1, is a basic method for retailers to understand consumers (Phanthong and Settanaranon, 2011:03). Perception allows individuals to absorb the information they are exposed to through each of the five senses and allows them to interpret and comprehend information in a manner that they can easily understand. Visual perception for example, allows consumers to view cosmetic retailers' advertisements and see the special offers products and services such as the benefits of joining loyalty programmes that are being advertised. Consumer perception is the focal point of this study and is discussed further in section 3.7.

The factors discussed in section 3.3 and 3.4, eventually influence the individual consumer's purchasing decision. As shown in Figure 3.1, the factors lead to the last component of the consumer behaviour, namely the consumer purchasing decision. Section 3.5 explains why it is necessary for retailers to understand the process the consumer undergoes before making a crucial choice to buy a certain product or service.

3.5. THE CONSUMER DECISION-MAKING PROCESS

Consumers frequently make decisions regarding the acquisition, use or disposal of a product or service that are related to their personal goals, safety concerns, or a desire to reduce economic, social or psychological risk (Hoyer, MacInnis & Pieters, 2013:06). Ruzzier *et al.*, (2013:104) explain that consumers are constantly compelled to choose between purchasing, or not purchasing products, or to make a choice between different brands.

Blythe (2013:05-14) explains that consumer behaviour is a process, consumers undergo when making a purchasing decision, which focuses on:

- What do individuals buy?
- Why individuals buy certain goods and services.
- When individuals buy certain goods or services.
- Where individuals buy certain goods or services.
- How often individuals utilise certain goods or services.
- How individuals assess the goods or services they purchase.
- What impact the goods or services had on the individual.
- How do individuals dispose of the goods or services at the end on of the process?

Figure 3.1 shows that the consumer decision-making process comprises of five steps which consist of the following:

- Problem recognition,
- Information Search,
- Assessment of Alternatives,
- Purchase Decision and,
- Post Purchase Behaviour.

A discussion on the five steps in the consumer decision-making stage are briefly discussed next.

3.5.1 Stage 1: Problem or Need Recognition

Need recognition, which is the first step in the consumer decision-making process as shown in Figure 3.1, occurs either when consumers perceive they have a problem if they are dissatisfied with a product because the product failed to perform according to their expectations, or when a new product triggers a desire to own that product (Hoyer *et al.*,

2013:12). The consumer aspires to reach an ideal state after processing information about a new product and realises that there is a gap between their actual state and desired state (Kerin *et al.*, 2011:96). A consumer's reaction to a stimulus, forces them to realise that there is an imbalance between their desired state and their current or actual state (Lamb, Hair & McDaniel, 2012:190). Problem or need recognition also occurs when a consumer isn't satisfied with the performance of the product or brand they are using (Lamb *et al.*, 2012:19). For example, a consumer may not be satisfied with the benefits of a loyalty programme he or she is a member of. The problem recognition motivates the consumer to undertake an information search seeking alternative loyalty programmes. The search for information is discussed next.

3.5.2 Stage 2: Search for Information

During the second step as indicated in Figure 3.1, the consumer seeks information on alternate brands or products, retailers offering those brands or products, prices, terms of sale and customer service (Cant in Mandhlazi, 2012:10). Consumers may also question family and friends about their experience using a certain product during the information search (Zander and Hamm, 2011:307-308). In the context of this study consumers may interview family members and friends, as part of their search for information, about their experience with loyalty programmes offered by cosmetic retailers.

According to Maohammadi and Mohamed (2011:154) consumers usually engage in two types of information searches when faced with a purchasing decision which are:

- **Personal Information Search:** Information is gathered through the consumer's own experience with a product or service and, through word of mouth advice from friends and family. The personal information search is usually a part of the pre-purchase search – however, if the consumer has no previous experience in using a product, he/she may have to conduct extensive research for information which will assist the consumer in decision-making.

- **Non-Personal Information Search:** Information is gathered from external influences such as printed advertisements, electronic media and sales agents. If the consideration set consists of attractive alternatives, the consumer may then decide to embark on an external search to decide which alternative to select (Hoyer *et al.*, 2013:199). However, if the consideration set is made up of only one or two brands, the need for an external information search is reduced (Hoyer *et al.*, 2013:199).

Once the consumer is satisfied with the results of the information search, he/she will embark on the next step which is the evaluation of alternatives as described next.

3.5.3 Stage 3: Evaluation of Alternatives

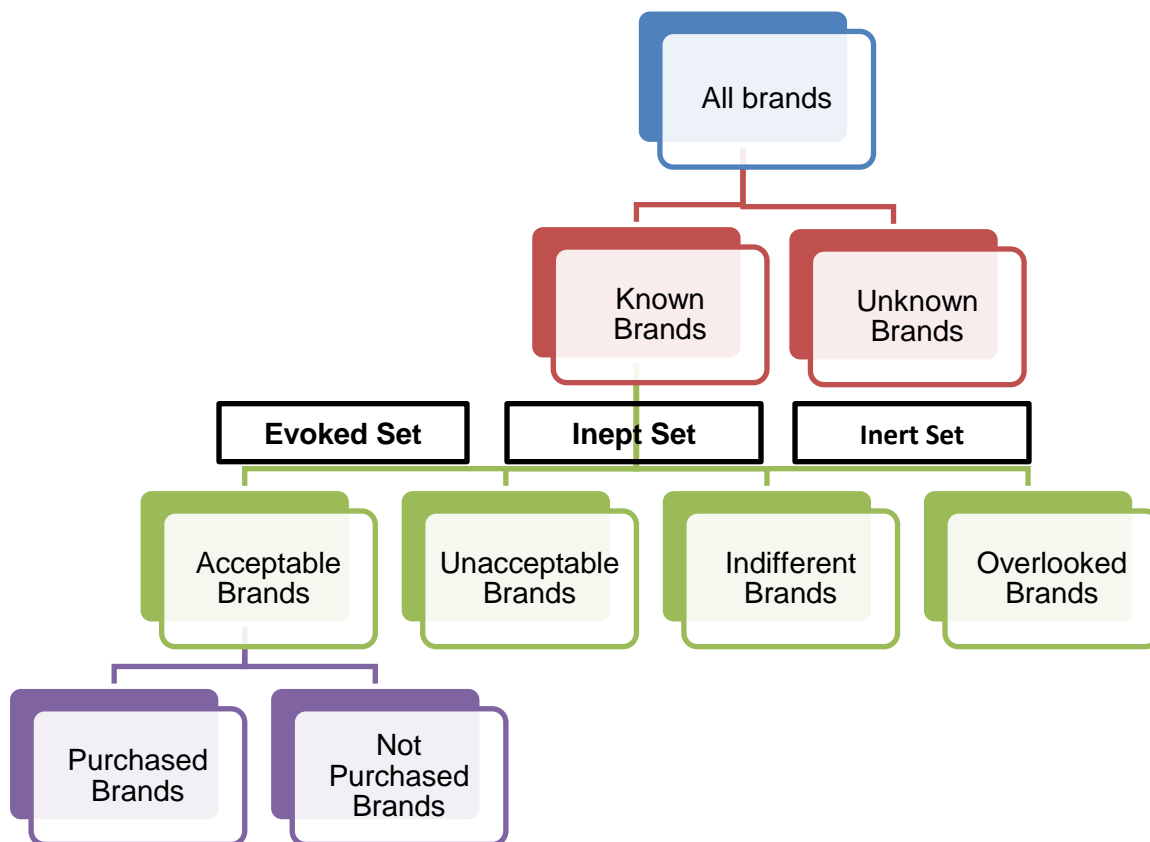
When evaluating potential brands, or loyalty programmes, consumers tend to use two types of information which are a list of brands from which they intend making a selection (evoked set), and the criteria which they will use to evaluate each brand (Mohammadi and Mohamed, 2011:154). The evoked set which is also called a consideration set, refers to the specific brands or products from which the consumer may make a choice (Mohammadi and Mohamed, 2011:154). The evoked set of products comprises of a list of three to seven products which the consumer is familiar with (Du Toit, 2013:21). After evaluating the alternatives, the consumer then narrows the evoked set to acceptable products and eliminates unacceptable choices (Du Toit, 2013:21). The consumer attempts to solve the problem by preparing to make a decision after collecting information on alternative products they believe may help them reach their desired state (Mohammadi and Mohamed, 2011:154). The evaluation of the alternatives is psychological in nature and influences the consumer's overall purchasing decision (Jain, 2014:19-21). For example, a consumer may evaluate all the potential loyalty programmes offered by cosmetic retailers and then choose the most suitable one through the process of elimination based on the evoked set.

The inert set is made up of a set of brands or products that the consumer neither likes nor dislikes, and can be easily promoted to the evoked set if the consumer changes his

opinion about the product or brand (Kanev, 2016:01). The inept set consists of brands or products that the consumer will never buy perhaps due to having had a bad experience with the product or brand previously, or due to the product or brand receiving bad reviews (Kanev, 2016:01).

Figure 3.5 illustrates the process of consumer evaluation before a purchase decision is made.

Figure 3.2 The consumer evaluation process using the evoked set.



Source: Schiffman (2013)

Schiffman (2013:559) explains the consumer evaluation process as illustrated in Figure 3.2 as follows:

- Consumers may not know certain brands or loyalty programmes due a lack of exposure to marketing stimuli or selective perception of advertising media.
- Unacceptable brands or loyalty programmes may be of poor quality. The brand's or loyalty programme's advertisement does not portray the attributes and is also poorly positioned.
- The consumer may be indifferent to some brands or loyalty programmes due to the consumer's perception of that brand or loyalty programme.
- Consumers overlook some brands or loyalty programmes because the brand or loyalty programme is not positioned properly or it targets the incorrect market.
- Some brands or loyalty programmes may not be selected because the consumer assumes that the brand or loyalty programme will not satisfy his/her need.

Since different loyalty programmes are offered by competing cosmetic retailers, consumers will consider all the alternate loyalty programmes before choosing which programme they want to join before making a buying decision.

3.5.4 Stage 4: Buying Decision or Response

The fourth step in Figure 3.1 of the consumer behaviour model is the purchasing decision. After analysing all of the alternatives compiled in the preceding phase, the consumer makes a decision to purchase a certain product or service (Lamb *et al.*, 2012:194).

According to Lamb *et al.*, (2012:194-195), the consumer specifically decides on the following:

- a) Whether to buy a product or service. E.g. the consumer may deliberate on whether or not to join a loyalty programme.

- b) When to buy the product or service. E.g. the consumer may choose the most appropriate to join the loyalty programme.
- c) What to buy (product type or brand). E.g. the consumer may decide what products to buy to qualify for the loyalty programme or decide which loyalty programme to join.
- d) Where to buy (type of retailer, specific retailer, online retailer or brick and mortar retailer). E.g. the consumer may base his/her decision on where he/she can earn the highest loyalty programme benefits.
- e) How to pay for the product or service. E.g. the consumer may either choose cash or credit payment methods.

Since loyalty programmes encourages consumers to purchase from a specific retailer to qualify for certain benefits and rewards consumers may choose to purchase from a retailer that offers them the best benefits or rewards and evaluate their purchase experience afterwards.

3.5.5 Stage 5: Post-buying Evaluation

The fifth step in the consumer decision-making process as shown in Figure 3.1. is post-purchase behaviour which is also known as post-buying evaluation. Consumers expect certain results after purchasing a product or service (Lamb *et al.*, 2012:195). The consumer must decide whether they are satisfied with their experience with the product or service such as a loyalty programme (Dunne and Lusch, 2013:92-93). If the consumer is satisfied with their experience after using the product or loyalty programme, they will then consider using the same product or loyalty programme in the near future (Mandhlazi, 2012:10). A dissatisfied consumer may experience post-purchase resentment and may regret purchasing the product or using the loyalty programme in question (Dunne and Lusch, 2013:93).

For example, consumers may conduct the post-purchase evaluation of a loyalty programme after being informed of the benefits they qualify for within a certain period. The consumer may then decide whether he/she is satisfied or dissatisfied with the

rewards or benefits received and whether or not, he/she will purchase the product again in the future.

Purchase Decision

In the last step that is shown in Figure 3.1, the consumer will consider purchasing products that have left a favourable impression on his/her mind when faced with a purchasing decision (Hoyer *et al.*, 2013:189). Endelman in Gatautis and Kazakeviciute (2012:1458), explains that since consumers are faced with a barrage of information when making a purchasing decision, they evaluate their product choices until they are eventually left with one choice.

The consumer selects a retailer to purchase the product from based on his/her previous shopping experience with that particular retailer (Watkinson, 2013:35-36). The consumer then decides how much he/she is willing to spend on the product, when to buy the product, and how to pay for the product.

Now that Figure 3.1 which is a model of the consumer behaviour process has been discussed in full, it is necessary to understand perception, which is the main focus of this study.

3.6 PERCEPTIONS AND THE PERCEPTUAL PROCESS

Consumers are daily exposed to a barrage of advertisements such as media advertisements, billboards, printed advertisements, and sensory experiences (Paramasur and Roberts-Lombard, 2014:161). As a result, consumers only pay attention to some of the marketing stimuli and ignore others (Paramasur and Roberts-Lombard, 2014:161). The latter poses a problem for marketers as they can never be sure if the consumer received the marketing message as it was intended, misinterpreted it, or ignored it altogether (Perreau, 2013:19). It is therefore vital for marketers to study how consumers

perceive marketing messages and the perception process. First, consumer perception will be defined.

3.6.1 Defining Consumer Perception

Consumer perceptions is defined in various way by different authors. Zamaros (2014:03) describes consumer perception as the sensory awareness of "consumer products, practices and spaces". Özgen (2013:1-7) describes perception as a process during which an individual becomes aware of his/her environment and interprets it in such a way that it will fit it into his/her frame of reference. Simply put, perception refers to the way we view and interpret the world around us (Jokinen, 2011:48). Antonides and Van Raaj in Santoso and Raharjo (2013:85), describe perception as a category of attitudes based on consumer reaction to retailer or business's marketing strategies. The authors further state that consumer perception will vary from one consumer to another, as perception is based on each consumer's individual experience with products (Antonides and Van Raaj in Santoso and Raharjo 2013:85).

Perception is also described as a process whereby "stimuli are selected, organised and interpreted" (Janson-Boyd, 2012:39). The stimulus can be a person, object or situation and in terms of marketing, it may be a brand, product, advertisement, or retailer (Sahney and Parida, 2017:03). Joubert (2013:124) states that perception is a complete process during which an individual becomes more aware of his/her environment in a manner that satisfies the individual's frame of reference. Joubert (2013:124) further explains that the process of perception involves the selection, organisation and interpretation of stimuli that activates the five senses of sight, sound, smell, touch and taste. These elements are discussed below, starting with an explanation of the perceptual process.

3.6.2 Consumer Perception

Perception was derived out of the word perceive and is widely interpreted to be one's ability to derive meaning to the stimuli that triggers one sense organs (Palani and Sohrabi, 2013:25). The objective of perception is to absorb the information we are exposed to in our daily lives and to make sense of it (Palani and Sohrabi, 2013:25).

Lee (2013:18-20) states that retailers use different types of stimuli to make consumers more perceptive to their products regardless of whether the consumer needs the product or not, but retailers must also take note of the following:

- Consumers today are exposed to numerous advertisements per day and retailers and marketing professionals have been forced to admit that consumers do not recall all the advertisements that they are exposed to.
- Consumers remember the information for products they need because their perceptions for such products are actually heightened.

Perception is selective since consumers notice only a fraction of stimuli they are exposed to, and subjective because consumers interpret each stimulus differently based on personal experience (Paramasur and Roberts-Lombard 2014:162). Consumers are much more responsive to stimuli related to products or services they require (Perreau, 2013:19). Schiffman (2013:172) explains that consumers actively search for pleasant messages they can sympathise with and which reassures them "of the wisdom of their purchasing decisions."

Consumers tend to avoid painful and threatening marketing messages such as pictures or words that upset them emotionally and eventually react negatively to such products (Perreau, 2013:18-19).

Paramasur and Roberts-Lombard (2014:161-162) describe the perceptual process as a four-step process which occurs as follows:

- a) A consumer is exposed to a stimulus.
- b) The stimulus attracts the individual's attention.
- c) The individual interprets the stimulus based on certain criteria.
- d) The individual responds to the stimulus in a certain way.

The above description indicates that the formulation of a perception is a process. Researchers explain that the perceptual process comprises of four elements. A discussion on the elements of the perceptual process which determines how consumers absorb marketing messages follows below.

3.6.3 Elements of the Perceptual Process

According to Özgen (2013:02-07) consumer perception comprises of different elements which are:

- Sensation
- Absolute threshold
- Differential threshold
- Subliminal perception

These elements are briefly discussed next.

3.6.3.1 Sensation

Sensation occurs when any one or a combination of the five senses namely seeing, smelling, hearing, tasting and touching, receives a sensory input (Fizman, 2012:04). The senses immediately react to the stimuli to create a sensation which can be physical in nature e.g. colours, scent and flavour (Fizman, 2012:04).

When marketing products, retailers rely heavily on sensory triggers such as colour, odour, sound, taste and the way a product (especially cosmetic products) feels, to influence the consumers evaluation of the product (Kumar, 2014:04). However, since many stimuli compete for a consumer's attention, not all stimuli will create a sensation or make it to the perceptual process because not all stimuli are noticed or accurately comprehended by the consumer. The manner in which individuals react to sensory stimuli varies from one individual to another because people interpret stimuli differently (Kumar, 2014:04).

Sternberg and Sternberg (2012:46) state that a consumer's exposure to the various stimuli will never be the same when exposed to the same set of stimuli again. Sternberg and Sternberg (2012:46) explain through the use of various examples that stimuli are perceived differently by individuals. For example, facial expressions and expressions and emotions alters the physical appearance of individuals and the appearance of colours are affected by the light the said colours are viewed under.

For example, cosmetic retailers such as Red Square and Sorbet that offer loyalty programmes, mainly use visual and sound stimuli in their media advertisements such as posters, electronics media promotions and online advertisements to promote the advantages of joining their loyalty programmes.

3.6.3.2 Absolute Threshold

The second element in the perceptual process is absolute threshold, and refers to the minimum or lowest level of stimulus or stimuli that is required for an individual to experience a sensation (Lamb, Hair & McDaniel, 2012:217). Absolute threshold can also be described as minimum level of stimuli that can be perceived by a person's brain (Nyenya and Bukaliya, 2015:47). A lower absolute threshold will result in an individual experiencing a higher sensitivity to stimuli. For example, consumers adapt and grow familiar with certain advertisements on the benefits of joining loyalty programmes and cease paying attention to the marketing message (Lamb, *et al.*, 2012:217).

Brian (2012:01) illustrates the absolute threshold in the following example:

An eye-catching and informative billboard will be a wasted marketing attempt if the print is too small to passing motorists to see from the highway. The point of absolute threshold is when the consumer is able to read the advertising message. Similarly, a consumer may be exposed to the benefits of joining a loyalty programme. Eventually the consumer will realise what the benefits are and acknowledge the benefits (point of absolute threshold).

However, according to Kotler and Keller (2016:189-190) sensory awareness decreases as the exposure to an advertisement or marketing message increases resulting in reduced, or no sensory reaction. For example, consumers may cease to notice an advert or signage informing them of the existence of a loyalty programme on a retailer's premises after prolonged exposure. It is therefore important for researchers to understand how the senses adapt in this situation. Sensory adaptation is discussed next.

3.6.3.3 Sensory Adaptation

The third element in the perceptual process is sensory adaption which may be described as a gradual decline in sensitivity due to prolonged exposure to the stimulus (Kemmet and Brotherson, 2015:01-04). Marketers constantly change or modify their advertising campaigns because they fear that once consumers are over exposed to their

advertisements, they will no longer pay attention to the marketing message, thus reducing or eliminating sensory input altogether (Fiszman, 2012:04). For example, many marketers try to increase sensory input through unusual marketing techniques such as including perfume samples in magazines.

Kemmet and Brotherson (2015:04) believe that the senses adapt as follows:

Vision: The eyes can adjust to lower or dim lighting (dark adaptation) or to high illumination (light adaptation).

Hearing: Sound is measured in decibels. Research indicates that sound in excess of 120 decibels is uncomfortable and painful.

Sense of touch: Our skin mainly adapts to temperature and pain. The skin contains neural pathways to the brain that transmits impulses indicating the level of pain and individual experiences.

Taste or smell: The receptors that sense taste and smell are located in the tongue. The smell and taste receptors can distinguish between sweet, sour, bitter or salty taste and various odours.

Vision as an element of sensory adaptation, is the most important the most important factor for the purpose of this study since most retailers use visual media to advertise their products and services such as loyalty programmes. While the absolute threshold indicates the point where the consumer notices the stimuli (advertisement or in-store signage informing the consumer of the loyalty programme), retailers also need to study the point when consumers notice the difference in the intensity of the stimuli they are exposed to. This phenomenon is known as the Just Noticeable Difference and is briefly described next.

3.6.3.4 Differential Threshold

The fourth element in the perceptual process is differential threshold which is based on Ernst Weber's early studies into the minimum changes in intensity that is necessary to create a noticeable difference in sensation (Buntain, 2012:01). Differential threshold is also known as the Just Noticeable Difference or JND. (Matthews, 2015:01-05). Weber's study was deeply rooted in psychophysics and sought to determine the relationships between the different levels of stimuli individuals were exposed to, and their perceptions of those stimuli (Buntain, 2012:01).

According to Vastani, (2014:28-29) the differential threshold is the "minimum difference between two stimuli that can be detected." Retailers, marketers, businesses, organisations and enterprises, study the differential threshold so that they can constantly improve their products (Simon and Manohar, 2015:39). According to Vastani (2015:04), retailers and businesses utilise the theory of JND to improve their products either just above or just below the JND. Negative changes such as price increase, product size or quality changes are determined based on the thresholds that will be least noticeable to the consumer while positive changes such as a promotion are set just above the noticeable threshold. For example, a cosmetic retailer may have a "buy one get one free" promotion (positive change to the JND.) for members of their loyalty programme while non-members (negative changes to the JND.) are not entitled to the special offer.

3.6.3.5 Subliminal Perception

The fifth and last element, is subliminal perception which occurs when individuals perceive stimuli unconsciously (Canals and Herrerias, 2012:04). These stimuli are often too weak or fleeting to be noticed visually or audibly but they are noticeable enough to be perceived by the sensory receptor cells (Canals and Herrerias, 2012:04). Subliminal perception therefore occurs when stimuli are presented below the threshold (limen) for awareness, or when stimuli are too weak to be perceived without awareness (Scarpa, 2013:02-04).

Early studies in subliminal perception involved researchers flashing messages at high speed to subjects and even though the conscious mind did not comprehend these messages, the subconscious mind instantly understood and acted on them (Scarpa, 2013:02-04). Some researchers believe subliminal perception is a useful advertising tool since perception can still occur without awareness (Atrees, 2012:23). Subliminal messages are also described as hidden messages that are embedded in another medium that makes the consumer think or react, without the consumer realising it (Atrees, 2012:23). For example, consumers may visually notice a consumer in-store using a loyalty programme and receiving a benefit such as a discount and not pay attention. However when the consumer is later calculating his/her personal budget he/she realise that joining a loyalty programme is one way of reducing costs.

Consumer perception is also determined by the attitude individuals form towards products and services. It is therefore necessary to define attitude.

3.6.4 Attitude

Attitudes comprises of feelings, beliefs, emotions and behavioural intentions (Mpinganjira, 2013:127). Allport in Mpinganjira (2013:128-129) describes attitude as having the following characteristics:

- Attitudes are object specific: A consumer may have developed a positive or negative attitude regarding a tangible product or an intangible service such as a loyalty programme.
- Attitudes are learnt: Consumers develop attitudes through personal experience with using products and services. For example, a consumer may learn about the benefits of joining a loyalty programme through experience.
- Attitudes are predispositions to respond: Attitudes is simply described by the authors as the way individuals think or feel about something. The stimulus refers to the "object" or product towards which the individual consumer may have already developed an attitude (positive or negative) towards. In the context of this study,

the object refers to loyalty programmes and the attitude the consumer has developed towards it.

- The response to attitude objects is consistent: Individuals do not easily change their attitudes towards something unless a significant event forces them to change. For example, consumers may require a worthwhile benefit or advantage such as a significant discount off purchases, before joining a cosmetic retailer's loyalty programme.

An advantage of studying consumer attitudes is that retailers may be able to segment consumers according to their attitudes towards their products (Cant, 2013:104). Attitude segmentation allows retailers to focus their marketing efforts on consumers who have a positive attitude towards their products while trying to influence consumers with a negative attitude towards their products to change their minds (Cant, 2013:104).

Now that consumer perception and the perceptual process have been discussed in detail, a discussion on the relevance of consumer behaviour to the study follows.

3.8 RELEVANCE TO THE STUDY: PERCEPTIONS AND THE DYNAMIC CONSUMER DECISION JOURNEY

Retailers throughout the world formulate marketing strategies with the intention of influencing consumers to buy their products and services (Kotler and Keller. 2016:25). Blythe (2013:07) believes that consumers are the main concern of any retailer or business, and that it is necessary for retailers and business organisations to understand how and why consumers make purchasing decisions. Marketers have also realised that consumers are complex individuals whose purchasing behaviour can vary based on stimuli, personal factors, social factors, psychological factors, and the consumer's economic position (Perreau, 2013:04). Perreau (2013:04) further explains that the consumer's actual purchase is the "only visible part of a more complex decision-making

process created by the consumer for each buying decision" they make, and it is therefore integral for the success of any retailer to fully understand the determinants of consumer behaviour before the transaction occurs.

Over the years retailers have commissioned research studies to understand consumer behaviour to better fulfil the needs of consumers and increase sales and revenue (du Plessis, 2012:53). By identifying and understanding the factors that influence their consumers, retailers are able to formulate efficient marketing strategies to attract more consumers, and thereby increase profits (Kgomoewana, 2014:30-31).

Retailers must understand consumer behaviour since consumer behaviour has a significant impact on a retailer's success and existence (Joubert, 2013:01-03). Monitoring the determinants of consumer behaviour enables retailers to develop relevant marketing strategies when changes in consumer behaviour occurs, and to improve their profits (Joubert, 2013:03). Retailers are also able to segment their consumers based on their behavioural characteristics, and reward consumers who remain loyal to them over the long term. Consumer loyalty segmentation is discussed in detail in section 2.6.

A deep understanding of consumer behaviour enables retailers to recognise loyal consumers and reward them accordingly (Alazzam and Bach, 2014:279). A popular method of recognition used by retailers worldwide is through the use of social media networking, emails and text messages informing consumers of loyalty programme rewards and benefits which are discussed in section 3.3.6.

Perception is widely used as a marketing tool by all types of retailers, businesses, organisations and enterprises because marketers have realised that consumers interpret and organise information differently and therefore perceive products and services differently (Matthews, 2015:01-06). Perceptions are more important than reality in marketing since perceptions have a direct impact on consumer behaviour (Nguyen and Gizaw, 2014:11-12).

Marketing strategies utilise stimuli such as colour, scent, sound, touch, and taste which consumers rely on during the perceptual process. Company strategy tends to reflect the perceptions of a selected group of consumers (Simon and Manohar, 2015:39). Marketers therefore target consumer perceptions since consumers' thoughts and beliefs affect their actions and buying habits and decisions (Simon and Manohar, 2015:39). Consumer perception is fundamental to the success of any retailer because it indicates whether a consumer is satisfied or dissatisfied with a particular retailer (Machado and Diggines, 2012:147). Retailers should aim to provide exceptional service as this will influence consumer perceptions positively (Machado and Diggines, 2012:147). For example, a retailer should strive to provide a loyalty programme that will provide consumers with rewards they are satisfied with, and in turn result in a positive perception of that loyalty programme.

3.9 Summary

Chapter three discussed consumer behaviour in detail. The various factors affecting consumer behaviour as illustrated in Figure 3.1, lead to a discussion on the factors affecting consumer behaviour. The advantages of understanding consumer behaviour were also outlined. A discussion about consumer perception were followed with clear definitions of the elements affecting perception and the perceptual process. Chapter three concluded with the relevance of consumer behaviour to the research study.

CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 INTRODUCTION

Chapter four commences with a definition, description and graphic depiction of the marketing research process used in this research study. The various research designs are discussed in detail. The information sources and types of marketing research available to the researcher are described. The researcher's sampling plan, sample frame, sample size and research design are explained in detail. An overview of the research process is also provided. Chapter four concludes with the limitations of the study and a brief discussion on the ethical considerations of this study.

4.2 THE MARKETING RESEARCH PROCESS

Marketing research is conducted when retailers and business enterprises seek more knowledge in terms of target markets, consumer reactions towards products, price, distribution and promotions (Jobber and Ellis-Chadwick, 2013:224). **Marketing** is often described as a management process or activity which identifies and satisfies the needs and desires of consumers (Gates, 2013:03). **Research** is generally undertaken to answer certain questions and obtain new knowledge about phenomena under study (du Plooy-Cilliers, Davis and Bezuidenhout, 2014:7-11). Tustin *et al.*, (2010:06), define marketing research as a study of the products as services "...consumed by final consumers, such as individuals and households for their personal satisfaction." Kolb in van Niekerk (2014:91), explains that "...marketing research is the function that links consumers, customers and the public to the marketer through the acquisition of information."

Marketing research enables businesses to "...develop products, promotions, prices and even the places used to distribute the product", and also assists management to make strategic and operational decisions (Bradley, 2013:07). Since the retail industry is characterised by intense competition and rapid change, retailers rely on marketing

research data to aid in successful decision-making (Brassington and Pettitt, 2013:43). Marketing research is a valuable decision-making tool for any business enterprise, such as retailers, because it enables such enterprises to learn about the needs and desires of their consumers (Bradley, 2013:07). Information derived from marketing research studies, assists in changes to products and the development of better sales strategies to counter the competition (Lancaster and Massingham, 2011:26). Hunt (2010:39) explains that marketing research is a process or series of activities that must be carried out to enable decision-making at various stages of the research process.

According to Jobber and Ellis-Chadwick (2013:226), market researchers are obliged to carry out the following duties during the research process:

- Determine the objective of the research process.
- Determine the data collection techniques and procedures that will be used.
- Determine the research instrument that will be used and the manner in which data will be collected.
- Determine the sampling procedures and data analysis techniques to be used; and,
- Decide how the final results from the marketing research will be communicated to top managers.

However, before the above-mentioned factors can be determined, it is crucial for researchers to understand the marketing research process. The marketing research process "provides a systematic, planned approach to a research project and ensures that all aspects of the research are consistent with one another (Malhotra, Birks & Wills, 2012:07). The type of methodology used in the research study is determined by the focus of the research (which is to reveal consumer perceptions towards loyalty programmes offered by cosmetic retailers), the research hypothesis and the type of data needed for the research (Quinlan, 2011:179). The type of methodology used in the research study is one of the most important factors in the research process since the research methodology must be "capable of supporting the research, facilitating the accomplishment of the aim of the research" and, enabling the completion of the research (Quinlan, 2011:181). The

marketing research process which will serve as the basis for this study is illustrated in Figure 4.1.

Figure 4.1 The marketing research process



Source: Malhotra, Birks, & Wills (2012)

The marketing research process comprises of ten steps as illustrated in Figure 4.1. The steps in the research process are discussed next within the scope of this research study.

4.3 DEFINE THE RESEARCH PROBLEM

The first step in the marketing research process as shown in Figure 4.1, is to define the research problem. The researcher must begin by narrowing down the research problem so that he/she may focus on a specific problem which is small enough to be investigated during the first stage in the process (Welman, Kruger & Mitchel, 2012:13). The researcher then formulates the research questions and studies literature on the research topic to identify gaps within the field of study. These gaps indicate the areas the researcher may focus his/her research study on (Welman, *et al.*, 2012:13). Defining a research problem according to the above elements, helps the researcher to identify the reasons the problem occurs and possible creative solutions to the problem (Aaker, Kumar & Day, 2013:44).

According to Aaker *et al.*, (2013:44), researchers may use the following three elements to help identify the problem or gap:

- What does the researcher expect to happen?
- Feedback must be collated on what actually happens.
- The researcher's expectations and the actual feedback received must be compared.

The research problem for the phenomenon under study was arrived at after studying the rapid growth of loyalty programmes in South Africa which increased significantly in the South African market growing from fifty-seven programmes in 2005, to over one hundred in 2015 (Cromhout, 2016:08). Most South African retailers introduced loyalty programmes mainly to encourage repeat purchases and to build long-term relationships with consumers (Hatton, 2017:27). The research problem that was determined through studying literature and identifying the existing gaps, was how consumers perceive loyalty programmes offered by cosmetic retailers. Once consumer perceptions have been

revealed, retailers can then decide if they would like to offer and how to implement loyalty programmes to their consumers.

The research question was then formulated as follows:

What are consumers' perceptions towards loyalty programmes offered by cosmetic retailers in KwaZulu Natal?

Once the research question has been formulated, the researcher must then identify the research objectives of the study.

4.4 IDENTIFY THE RESEARCH OBJECTIVES

The next step in the marketing research process as depicted in Figure 4.1, is to identify the research objectives. The research objectives are based on the research problem that has been identified in step one of the marketing research process, and specifically states what the research will achieve in terms of solving the marketing research problem (Zikmund and Babin, 2013:56). Berndt and Petzer (2011:28) explain that research objectives are important for the following reasons:

- Research objectives serve as a guideline for the team of researchers working on a research study enabling the team to maintain their focus and direction.
- Research objectives allow researchers to check if the desired information has been acquired to assist in the decision-making process.
- Research objectives allow the researcher to measure the results of the research and also provide a benchmark for which the success or failure of the research can be measured.

Research objectives are categorised into primary and secondary objectives. Berndt and Petzer (2011:29) explain that the primary objective is the main outcome that the

researcher desires to achieve, while the secondary objectives are derived from, and linked to the primary objective.

The primary objective as stated in Chapter One is as follows:

To determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast.

The following secondary objectives which were derived out of the primary objective was to determine:

- consumers' awareness of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' opinions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' attitudes towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- future areas of research into loyalty programmes

Once the researcher has determined the research objectives, he/she can then decide on the research design to be employed in the research study.

4.5 DETERMINE THE RESEARCH DESIGN

The third step of the marketing research process according to Figure 4.1, is to determine the research design. A research design may be described as a plan or a structure the researcher follows to provide answers to the research problem and the research

objectives (Malhotra *et al.*, 2012:09). The research design is the plan or outline that the researcher uses to address the research objectives and provide solutions to the research problem (Berndt and Petzer, 2011:31). The research design serves as a guideline to the research process and includes clear details on how data will be collected (Clow and James, 2014:34). Researchers may choose between two types of research designs, namely exploratory or conclusive research design depending on the research process (Clow and James, 2014:27). Both research designs are described next.

4.5.1 Exploratory research design

Exploratory research is used during the early stages of research when the researcher attempts to understand the research problem (Cant, 2012:30). Exploratory research aims to clarify research objectives that require more insight (Bradley, 2013:38). Clow and James (2014:27) explain that exploratory research "...involves the preliminary examination of a problem or situation to identify" areas of the research problem that can be studied further.

Aaker *et al.*, (2013:65) explain that exploratory research is not definitive and may not be used to take decisions for the purpose of finding a solution or answers to the research problem. The purpose of the knowledge acquired during the exploratory phase is used by researchers to gain insight into the research problem (Polonsky and Waller, 2011:94).

4.5.2 Conclusive research design

Conclusive research consists of structured, formal questions that are used to collect information that is required to answer the research questions (Procter and Jamieson, 2012:28). Conclusive research is commonly used to assist in decision-making especially since this type of research is often linked to market studies such as measuring the effect of loyalty programmes against the consumer's intention to buy (Lafley and Martin (2017:48-50).

a) Descriptive research

Descriptive research is often used to "collect data" describing the characteristics of events, individuals or circumstances (Wiid and Diggines, 2013:57). The descriptive research design can be quantitative or qualitative (Wiid and Diggines, 2013:57). The main goal of descriptive research is to carefully observe the phenomenon under study and document the observations in detail (Bhattarcherjee, 2012:15). When used correctly, descriptive research can assist the researcher to better define and measure the responses from the participants in the sample population in terms of opinion, attitude and behaviour (Polonsky and Waller, 2011:94). As the researcher intends measuring the perceptions, opinions and attitudes of the target population towards loyalty programmes offered by cosmetic retailers in the current research study, descriptive research was deemed appropriate.

Since descriptive research is conclusive in nature, the researcher is able to gather quantifiable data that can be used for statistical inference on the sample population through data analysis. After gathering data from the sample population for this research study, the researcher will be able to draw conclusions on consumer perceptions towards loyalty programmes after data analysis.

Close-ended questions are mainly used to gather data for descriptive research (Bradley, 2013:200). The researcher designed a questionnaire comprising of close-ended questions to gather data for this research study. The use of close-ended questions allows the researcher to better define and measure the responses from the sample population with regards to consumer perceptions towards loyalty programmes offered by cosmetic retailers (Bradley, 2013:200 – 204).

When conducting descriptive research, the researcher also collects demographic data such as age, race, income, marital status, income, gender, etc., from respondents. Demographic data may also be used to measure trends over time or for more advanced

data analysis such as drawing correlations (Jobber and Ellis-Chadwick, 2013:92 – 93). In the context of this study demographic data may help the researcher determine future areas of research into loyalty programmes.

b) Causal research

Causal research, which is also known as experimental research, is the only type of research that proves cause and effect (Clow and James, 2014:193). Causal research focuses on investigating the relationship between the effect of one variable on another (Polonsky and Waller, 2011:94). For example, researchers may seek to determine the underlying cause of a certain given behaviour amongst consumers. Descriptive research can only illustrate or describe the relationship between two variables (Aaker *et al.*, 2013:66). Martin and Bridgmon (2012:89-91) explains that the study design and the data must be described accurately to establish the relationship between the two variables.

Researchers point out that the research design used in the study depends on the research problem (Cooper and Schindler, 2014:126). The differences between exploratory research, descriptive research and causal research are explained in Table 4.1.

Table 4.1 Difference between the three types of research design

	Exploratory research	Descriptive research	Causal research
Objective	<ul style="list-style-type: none"> • Provides insight to aid researchers to improve the final research design. • Clarifies the phenomenon under study. • Provides a better understanding of the research problem. 	<ul style="list-style-type: none"> • Helps the researcher determine the market share and describes the characteristics of the market. • Helps the researcher predict the future demand for a product. 	<ul style="list-style-type: none"> • Helps the researcher determine the cause and effect relationship between variables.
Characteristics	<ul style="list-style-type: none"> • This method is a flexible research method. • The research process is unstructured. • The sample size is small and non-representative of the total population under study. • This method is usually followed by further exploratory research or conclusive research. 	<ul style="list-style-type: none"> • This research method commences with the formulation of a specific hypothesis that describes the research problem under study. 	<ul style="list-style-type: none"> • One or more of the independent variables is manipulated to determine the "cause and effect". • Other mediating variables are controlled.
Methods	<ul style="list-style-type: none"> • Expert surveys • Pilot surveys • Secondary data • Qualitative research 	<ul style="list-style-type: none"> • Surveys • Panels • Observation • Other data 	<ul style="list-style-type: none"> • Experiments

Source: Wiid and Diggins (2013)

Generally, if the direction of the research project is not clear, it is wise for a researcher to begin with an exploratory study (Cooper and Schindler, 2014:139). Researchers must have a clear understanding of the different types of research designs to clearly define the research problem and to be able to select the most appropriate research direction (Cant, 2012:57). Should the researcher require an accurate description of an individual, event or circumstance, then descriptive research may be conducted (Wiid and Diggines, 2013:57). However, if the researcher requires greater insight into the cause and effect relationship between two variables under study, such as which variable contributes to the cause and which variable results in the effect then descriptive research must first be conducted (Martin and Bridgmon, 2012:89-91).

The main objective of this research study is to determine consumer perceptions towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu Natal north coast. As explained in Table 4.1 descriptive research also seeks to describe the market share as well as the characteristics of the market. Descriptive research was selected as the research design since the accurate characteristics of the consumers who shop at cosmetic retailers and their opinions towards loyalty programmes offered by these retailers are required.

Once the research design has been determined the researcher must focus on the type of data needed for the research study. Section 4.2.4 discusses information types and sources.

4.6 IDENTIFY INFORMATION TYPES AND SOURCES

The fourth step in the marketing research process is for the researcher to identify the information types and sources. Nell (2013:70) explains that there are two possible sources from which the required information can be obtained for the research study, namely, primary research data and secondary research data sources. Secondary data comprises of information that has already been collected (Rose, Spinks & Canhoto in Kallier, 2016:93). Primary data refers to new data that is collected for the first time by a researcher

specifically to assist the researcher in solving the researcher problem (Bradley, 2013:70). Secondary data often forms the starting point of the research study and is described next.

4.6.1 Secondary data

Secondary data is data that has been previously gathered for a purpose other than solving the research problem in question (Zikmund, Babin, Carr & Griffin, 2013:160). Secondary data sources refer to the original information that was previously published in sources such as publications, textbooks, newspapers or magazines (Quinlan, 2011:244). In order for the researcher to decide whether or not to use secondary data for the research study it is important to understand the advantages and disadvantages of secondary data. Table 4.2 describes the advantages and disadvantages of secondary data.

Table 4.2 Advantages and disadvantages of secondary data

Advantages	Disadvantages
<ul style="list-style-type: none"> • Secondary data is easily available to researchers. • It is a faster and less expensive method than acquiring primary data. • Secondary data is often stored digitally and may be accessed free of charge by the researcher. • It does not require access to respondents or subjects. 	<ul style="list-style-type: none"> • There is a variation in the definition of the terms used. • Different measurements of units are used in the previous study. • There is inadequate information to verify the data's validity. • Data may be too old for the current study. • It is not designed to meet the researcher's specific needs.

Source: Zikmund, Babin, Carr & Griffin (2013)

It is advisable for the researcher to consider the advantages and disadvantages of both types of data, namely primary and secondary data as described in table 4.2 before making a decision on which type of data to use for the research study.

Zikmund *et al.*, (2013:161-162) further explain that:

- Every researcher should define the terms or concepts under study to satisfy the purpose of his/her primary investigation.
- Units of measurement should be consistent and in line with the researcher's needs. Secondary data may also be summarised or converted to meet a research objective.
- Secondary data may also contain a high level of bias and the researcher has no assurance of their validity.
- The researcher must always verify the accuracy of the data used in the research study.

Primary data is explained next.

4.6.2 Primary data

Primary data refers to original data, information or evidence that the researcher collected directly of the phenomenon under study (Quinlan, 2011:244). Collecting primary data is far more expensive than using secondary data (Strydom, 2012:82). However, primary data is collected by researchers in response to a specific research question when secondary data is not available (Cooper and Schindler, 2014:96).

The advantages and disadvantages of primary data are discussed in table 4.3.

Table 4.3 The advantages and disadvantages of primary data

Advantages	Disadvantages
<ul style="list-style-type: none">• Primary research data collection methods help a researcher to correctly represent the sample population under study.• It allows researchers to accurately describe the thoughts, feelings, observations and words of the population under study.• The data that is collected is current and relevant to the research study.• The researcher is able to collect data that accurately answers the research question.	<ul style="list-style-type: none">• The cost of collecting primary data is high since the researcher has to prepare and conduct the research himself/herself.• The collection of primary data is time consuming since the researcher must also formulate a research plan.• It is not always feasible since the researcher may not be able to reach the desired target population to collect the preferred data.

Source: Bradley (2013)

When choosing primary data collection methods, the researcher should consider cost-effective methods such as online services and emailed questionnaires to reduce the cost of data collection (Strydom, 2012:82). Primary data collection was selected for the purpose of this research study since there is no previous data of the phenomenon in question. Primary data is often classified as quantitative or qualitative and it is important for the researcher to understand both research types to make an informed choice. Quantitative research will be described next followed by qualitative research.

4.6.3 Quantitative research

Quantitative research was selected for the current research study mainly because the researcher intended recording each individual response of the participants in the study and then studying the responses in order to understand consumer perceptions to the phenomenon under study.

Quantitative research aims to quantify or measure a problem to understand how prevalent the problem is by projecting the results to a larger population (Beech, 2015:33). It is used when the researcher wishes to express the research problem in terms of quantity such as numbers, figures or percentages (Beech, 2015:33). The quantitative approach involves the use of numbers to help "define, describe and resolve a wide range of problems" (Curwin, Slater & Eadson, 2013:66). Curwin *et al.*, (2013:66-67) explain that quantitative research, namely the use of numbers to solve research problems, is advantageous in the following regards:

- A single equation or a set of equations can describe a business situation such as stock levels.
- Numerical data can be used to evaluate the efficiency of previous business decisions such as profit versus loss.
- Quantitative research can help retailers solve marketing problems linked to market segmentation and customer relationship management (which are discussed in chapter two).

The most popular quantitative research methods are observation, survey research and, experiment research (Cant, 2013:71-73). Each method is discussed below.

4.6.3.1 Observation

Observation research is suitable for situations where the researcher focuses on what people do rather than why people do it (Lancaster and Massingham, 2011:380). The researcher is mainly involved in watching the respondent and recording market related behaviour (Lancaster and Massingham, 2011:380).

4.6.3.2 Survey research

Researchers make use of survey research to gather information that will assist them in decision making (Clow and James, 2014:162). Data obtained from survey research can be used to describe situations, target markets and, answering "W" questions such as Who, What, Why, Where and When. Survey research helps researchers understand situations, such as whether to not consumers will be interested in join a loyalty programme, more clearly (Lai, 2017:15).

Examples of survey research are telephone interviews, web-based surveys, mail surveys and personal interviews (Lamb *et al.*, 2012:300-303). The survey research methods are briefly explained next in table 4.4.

Table 4.4 The different types of survey research methods

Telephone interviews	Web-based surveys
<ul style="list-style-type: none">• Generally, telephone interviews are a quick, effective and cost-effective method with a high response rate.• An interviewer asks the respondent questions over the telephone and records the responses directly onto the computer where it is stored on a database (Curwin, <i>et al.</i>, 2013:118)	<ul style="list-style-type: none">• Web-based surveys are located on a specific web server and allows respondents to answer questions without any assistance from an interviewer (Tustin <i>et al.</i>, 2010:244).• The rapid growth and popularity of the internet led to traditional surveys rapidly evolving to web-based surveys (Callegaro, Manfreda & Vehovar, 2015:04). A researcher may post a survey on a web-site where respondents participate in the survey by logging into the website and filling out a questionnaire (Callegaro <i>et al.</i>, 2015:04).
Mail surveys	Personal Interviews
<ul style="list-style-type: none">• Questionnaires are mailed to respondents using traditional, postal mail and allows respondents to respond anonymously and more thoughtfully (Lamb, <i>et al.</i>, 2013:01).• Mail surveys are inexpensive and few human resources are needed (Plooy-Cilliers <i>et al.</i>, 2014:150).	<ul style="list-style-type: none">• Personal interviews are carried out face-to-face by a trained interviewer and can be carried out at any location (Cant, 2013:76).• A personal interview is a structured survey interview where a set of standardised, closed-ended questions are posed to the participant and the responses recorded by the interviewer (Plooy-Cilliers <i>et al.</i>, 2014:150).

Source: Lamb *et al.*, (2012)

The personal interview research method was selected to conduct the current research phenomenon under study since this method allows for a high response rate and also

allows for the researcher to clarify any questions respondents may not understand. The survey population may comprise of individuals (Franklin, 2014:02).

4.6.4 Qualitative research

One of the main goals of qualitative research is to obtain insightful, open-ended responses by encouraging participants to speak freely about a chosen subject (Cant, 2013:71). Researchers using qualitative research methods do not "make use of statistical analysis" when interpreting data (Berndt and Petzer, 2011:31). Instead the researcher focuses on interpreting words, rather than representing data collected numerically during the research process (Quinlan, 2011:286).

Examples of qualitative research methods are focus groups, depth interviews and projective techniques (Cant, Gerber-Nel, Nel & Kotze, 2012:21). Each of the qualitative research methods are briefly illustrated in Table 4.4.

Table 4.5 Qualitative research methods

Focus groups	Depth interviews	Projective techniques
<ul style="list-style-type: none"> Focus groups usually comprises of a small group of people (about 6-10) participating in discussions that are pre-selected by the researcher (Berndt and Petzer, 2011:46). 	<ul style="list-style-type: none"> Depth interviews are conducted by trained interviews on an individual basis to discover the participant's beliefs, attitudes, feelings and motivations on a certain topic (Cant <i>et al.</i>, 2012:122-123). 	<ul style="list-style-type: none"> Projective techniques are mainly used when the researcher seeks to ascertain the participant's subconscious response to a question (Cant <i>et al.</i>, 2010:176).

Source: Cant, Gerber-Nel, Nel & Kotze (2012)

Researchers are often faced with a dilemma of which research technique to use in their study. Quantitative research is mainly concerned with the measurement of a research problem (Beech, 2015:33), while qualitative research focuses more on the interpretation of words and feelings regarding a pre-selected subject or topic (Quinlan, 2011:286).

Quantitative research was deemed appropriate for this research study because a measurement of consumer behaviour, namely perception, is required (Cooper and Schindler, 2014:146).

Descriptive research was selected as the research design since the researcher is required to collect data of individual consumers who shop at cosmetic retailers, and describe their responses and behaviour to loyalty programmes offered by cosmetic retailers. The researcher is required to observe the phenomenon of loyalty programmes offered by cosmetic retailers and document the responses of consumers to the phenomenon in detail.

The researcher will make use of personal interviews to gather the required data from the sample population. The interviewer is able to control the interview and can assist in keeping the interviewee focussed during the personal interview.

Now that the information types and sources have been discussed, the next step is to design the sampling plan for the study.

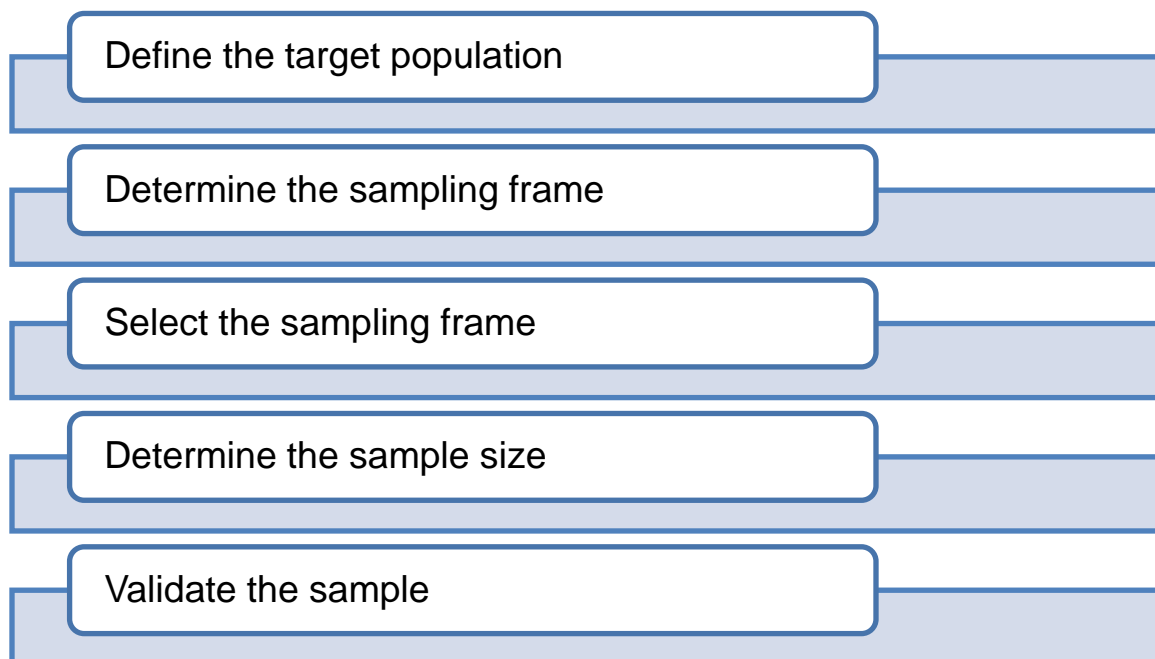
4.7 DESIGN THE SAMPLING PLAN

The fifth step of the marketing research process as illustrated in Figure 4.1, is to design the sampling plan. The research design is often described as the blueprint or plan that the researcher utilises to meet the research objectives and answer the research questions (Cooper and Schindler, 2014:82). Sampling refers to the process of selecting a subset (few individuals) of the target population for the purpose of data collection (Zikmund and

Babin, 2013:301). The data is then analysed and formulated into estimations and predictions which are projected onto the entire target population (Kumar, 2012:193).

An advantage of sampling (instead of collecting data from the entire population), is that it saves time and money (Polonsky and Waller, 2011:139). The disadvantage associated with sampling is that the entire population is not investigated, and the results from population of interest to the researcher are estimated and projected to the target population based on data collected from the sample population (Kumar, 2012:193). When designing a sampling plan, researchers often follow a five-step process which is described as follows by Franklin (2012:173-174) in Figure 4.2.

Figure 4.2 The sampling design planning process



Source: Franklin (2014)

The author further explains that the above-mentioned steps are sequential, "closely interrelated and relevant to all aspect of the marketing research study" (Franklin, 2012:173 – 174). A brief discussion of the above-mentioned steps follows, commencing with defining the target population.

4.7.1 Define the sample population

The target population is a specific group of people or objects sharing similar characteristics which are of interest to the researcher (Woodwell, 2014:30-31). The ultimate success of the research study depends on the correct identification of the target population on which the sample will be based (Aaker *et al.*, 2013:304). The authors further explain that the incorrect identification of the target population will result in the collection of inaccurate data (Aaker *et al.*, 2013:304).

The target population of the current study comprises of consumers who purchase and use cosmetic products purchased from cosmetic retailers in Durban and on the KwaZulu Natal north coast. Cosmetic retailers such as Red Square, as well as retailers whose core business comprises of the reselling of cosmetic products, were chosen to ensure consistency in the target population as some consumers purchase cosmetic products from health and beauty retailers such as Clicks and Dis-Chem. Clicks and Dis-Chem showed remarkable growth in sales of cosmetic products for the year ending 2015, and consumers shopping at both retailers were included in the study. Clicks is currently the market leader in the sale of cosmetic products. Consumers shopping at pure cosmetic retailers such as Red Square, Body Shop, Sorbet, as well as independent smaller retailers such as Just On Cosmetics, Exquisite Cosmetics, Durban Cosmetics, Mama Mia Cosmetics and numerous other smaller cosmetic retailers, were also included in the study.

Once the researcher has defined the target population, the next step is to specify the sampling frame which is discussed next.

4.7.2 Specify the sampling frame

A sampling frame consists of a list identifying participants from the target population from which a random sample may be drawn (Woodwell, 2014:31). Examples of sampling frames are the lists used in probability sampling which comprises of geographical data, institutions, households, individuals and other units (Bradley, 2013:155). Since the researcher was not able to obtain a list of all the members of loyalty programmes belonging to cosmetic retailers in South Africa, the researcher allowed participants who were willing to participate in the survey, to complete the questionnaires until the researcher obtained 300 completed questionnaires. A sample frame was therefore not compiled. The ideal respondents should belong to loyalty programmes offered by cosmetic retailers and also purchase cosmetics from such retailers. The determination of the sample size is explained under section 4.7.6. The current population of Durban and the KwaZulu Natal north coast is 4 335 188. The current population is demographically described in Table 4.7 below.

Table 4.7 Durban and the KwaZulu-Natal north coast population estimates

AREA	POPULATION n
Durban	3 677 575
KwaDukuza	276 719
Maphumulo	89 969
Mandeni	147 808
Ndwedwe	143 117
TOTAL	4 335 188

Source: Illembe District Municipality (2017); eThekweni Municipality (2017)

The population of interest to the researcher are males and females between the ages of 18 – 64.

Presently consumers in KwaZulu Natal may purchase cosmetics from any of the following cosmetic retailers that specifically offer loyalty programmes:

- Clicks,
- Body Shop,
- Red Square,
- Mac,
- Sorbet,
- La Vita Spa,
- Dis-Chem,
- Inglot,
- Smashbox,
- Kryolan,
- Crabtree and Evelyn, and
- Place'col Skincare clinic.

As this study employed a non-probability sampling method, the suitability of participants was determined according to the demographic criteria approved by the Bureau of Market Research at Unisa as well as whether or not the consumer belongs to a loyalty programme offered by a cosmetic retailer. The criteria used to determine number and suitability of participants was approved by the Bureau of Market Research at Unisa. Bradley (2013:162) explains that a sampling frame is only compiled when a researcher selects probability sampling.

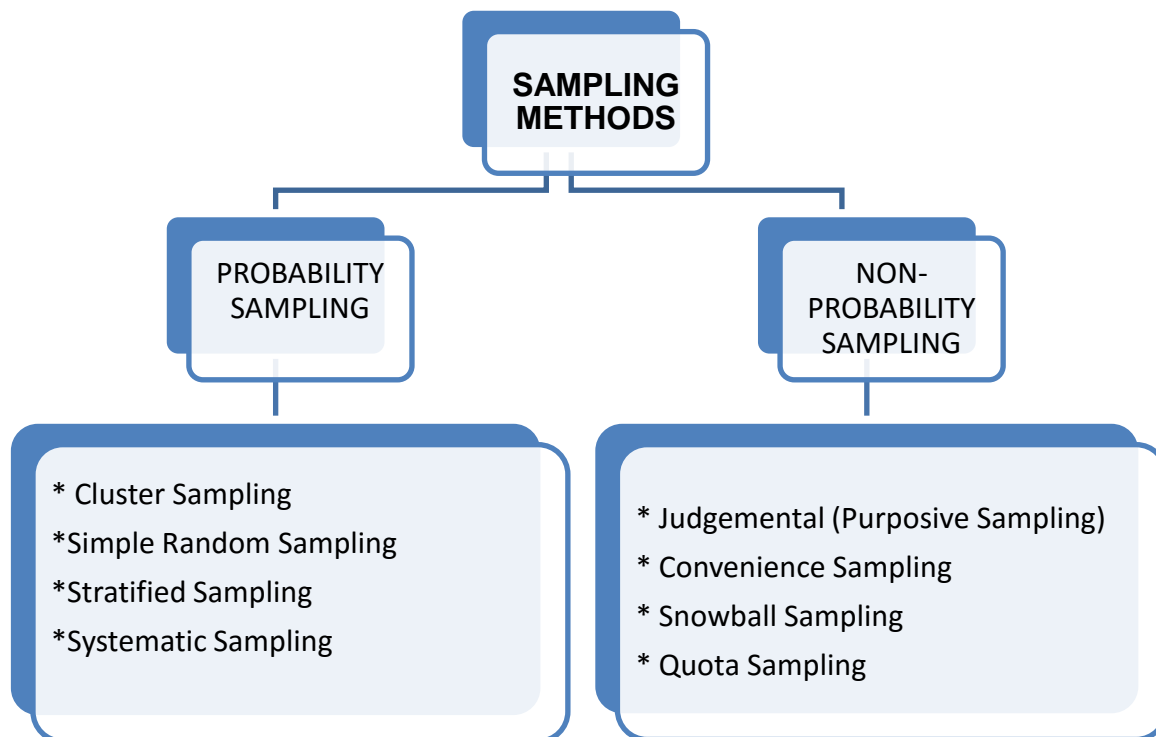
Since the researcher will use non-probability sampling, the researcher then proceeded to select the sampling method which is the next sequential step.

4.7.3 Select the sampling method

Researchers are able to choose between two broad categories of sampling namely, probability sampling and non-probability sampling when searching for a representative sample of the target population (Woodwell, 2014:31). The researcher will consider aspects such as ease, speed and cost before deciding on a sampling method (Cooper and Schindler, 2014:348). Ultimately the choice of sampling method will depend on the research objectives (Kumar, 2012:194).

The sampling methods are illustrated in Figure 4.5.

Figure 4.3 The different sampling methods



Source: Malhotra, Birks, & Wills, (2012)

4.7.4 Probability sampling

The first sampling type depicted in Figure 4.5 is probability sampling. In probability sampling, units or elements are selected by chance, although it is possible to pre-specify every potential sample of a given size that could be drawn from the population (Wall, Corday & Mitchell, 2014:182). However, all the elements within the target population have a known probability of being included in the sample (Aaker *et al.*, 2013:309).

Aaker *et al.*, (2013:309) identified the following four considerations when employing probability sampling:

- a) The target population must be specified.
- b) The researcher must develop a method for selecting the sample.
- c) The researcher must determine the sample size.
- d) The researcher must address non-responses.

Once the above four factors have been addressed, the researcher may then proceed to select an appropriate probability sampling method.

4.7.4.1 Cluster sampling

Cluster sampling, the first method shown in Figure 4.5, is used when the target population is scattered over a wide geographical area (Bhattacharjee, 2012:68). The researcher begins by breaking the sampling frame into clusters, for example, geographical areas and then draws a random sample or systematic sample (Malhotra *et al.*, 2012:512). The next step is to carry out random sampling for each cluster to ensure logical feasibility for the overall random sample drawn from the entire target population (Plooy-Cilliers, 2014:140-141). For example, cosmetic retailers are divided into different clusters based on their

geographical location and their individual consumers are systematically selected to participate in the survey research based on their geographic location.

4.7.4.2 Simple random sampling

The next method shown in Figure 4.5, is simple random sampling. A simple random sample is a sample in which each element of the population has an equal and independent chance of being included in the sample. The sample is selected using pure randomisation, and simple random samples may be drawn using simple methods such as using a random table (Woodwell, 2014:31).

4.7.4.3 Stratified sampling

The third sampling method shown in Figure 4.5 is stratified sampling. Stratified random sampling ensures that specific strata or elements or individuals, are represented in the sampling process (Woodwell, 2014:33). The population is stratified into a number of non-overlapping sub-populations or strata from which sample items are then selected (Bradley, 2013:162). If the elements that are chosen from each stratum is based on simple random sampling, the entire procedure which begins with stratification followed by simple random sampling, is known as stratified random sampling (Plooy-Cilliers, 2014:139-140). A major difficulty faced by researchers using stratified sampling, is the identification of the correct stratifying variable (Wall *et al*, 2014:182).

4.7.4.4 Systematic sampling

The last method shown in Figure 4.5, is systematic sampling. Aaker *et al.*, (2013:314) explain that in systematic sampling members are chosen at regular intervals after a random start. For example, if consumers are sorted according to age (from youngest to oldest) then systematic sampling ensures a measure of stratification and prevents the inclusion of too many young or old consumers (Aaker *et al.*, 2013:314). Before deciding

on a sampling technique, the researcher must first consider the advantages and disadvantages of each method. Table 4.8 briefly describes the advantages and disadvantages of each probability sampling method.

Table 4.8 The advantages and disadvantages of probability sampling methods

TECHNIQUE	STRENGTHS	WEAKNESSES
Simple random Sampling	<ul style="list-style-type: none"> • The method is easily understood by the researcher. • The results are easily projectable to the entire target population. 	<ul style="list-style-type: none"> • The sampling frame is difficult to construct. • This is an expensive method and there is no assurance of the representativeness of the entire target population.
Systematic sampling	<ul style="list-style-type: none"> • This method can increase the representativeness of the target population. • It is easier to implement than simple random sampling. • It is not necessary to have a sampling frame. 	<ul style="list-style-type: none"> • Systematic sampling can decrease the representativeness of the target population.
Stratified sampling	<ul style="list-style-type: none"> • This method includes all the important subpopulations. • It is a precise sampling method. 	<ul style="list-style-type: none"> • It is difficult to select the relevant stratification variables. • It is not feasible to stratify on many variables. • This method is also expensive.
Cluster sampling	<ul style="list-style-type: none"> • It is easy to implement and is also cost-effective. 	<ul style="list-style-type: none"> • It is not a precise method. • It is also difficult to compute and interpret results.

Source: Woodwell (2014)

Once the researcher has considered the advantages and disadvantages of the relevant probability sampling technique, he/she may select an appropriate method. Should the

researcher not be satisfied with any of the methods discussed, he/she may also choose a non-probability sampling technique which is discussed next.

4.7.5 Non-probability sampling

The second sampling technique in the marketing research process as shown in Figure 4.5, is the non-probability sampling technique. Non-probability sampling is commonly used in pilot studies especially when a preliminary questionnaire has to be tested (Blair, Czaja & Blair, 2014:95). Non-probability samples are non-random in nature and are useful for testing universal theories such as a new cosmetic product that is not harmful to people (Blanch, Durrheim & Painter, 2012:139). Some elements in a non-probability sample have a zero probability of being selected or their probability sampling is unknown.

Figure 4.5 depicts the different non-probability sampling techniques available to the researcher. These are listed as follows: judgement or purposive sampling, convenience sampling, snowball sampling and quota sampling. Each technique will be briefly discussed next.

4.7.5.1 Judgment (purposive sampling)

The sample elements are selected both subjectively and deliberately by the researcher to be representative of the entire population (Kumar, 2012:207). Judgement or purposive sampling is advantageous when the researcher wishes to gain ideas and insights into a research problem (Blair *et al.*, 2014:95). A disadvantage of purposive sampling is that the findings cannot be generalised to the whole population however, the researcher will gain valuable insight into the research problem.

4.7.5.2 Convenience sampling

With convenience sampling, the second non-probability sampling method shown in Figure 4.5, sample members are selected simply because they are readily available to participate in the study (Wall *et al.*, 2014:184). Participants are often selected because they happen to be in the same place as the researcher (Malhotra *et al.*, 2012:502). For example, consumers exiting or entering a cosmetic retailer may be convenient for the researcher to interview.

Convenience sampling was selected to conduct this research study mainly because the researcher sought insight into consumer perceptions on loyalty programmes offered by cosmetic retailers. The reason for selecting convenience sampling was that the target population were members of the general public who were consumers of cosmetic products in KwaZulu Natal. Individuals who purchased cosmetic products from cosmetic retailers and, who were members of the cosmetic retailer's loyalty programmes and were willing to participated in the study could be included in the sample.

As convenience sampling was used, cosmetic retail consumers with whom the researcher came into contact with at work and in malls were given information regarding the research study and were asked whether they would be willing to participate in the research survey. One of the advantages of convenience samples is that such samples are easy and quick to obtain and, cost-effective (Curwin, *et al.*, 2013:116). This sampling method was discussed and approved by the Bureau of Market research (BMR) of the University of South Africa.

4.7.5.3 Snowball sampling

Sample members are first selected either judgementally or through probability sampling, and are then asked to refer other members with the specified characteristics to the researcher (Bradley, 2013:168-169). Snowball sampling is also referred to as networking,

and is used when the sample must include people who have previously experienced the phenomenon under study (Bradley, 2013:168-169).

4.7.5.4 Quota sampling

The last method shown in Figure 4.5 is quota sampling. The researcher selects a suitable sample from a convenient location until he/she obtains the required number (quota) of respondents (Brassington and Pettitt, 2013:191). Quota sampling consists of two steps where the researcher first determines the characteristics of each quota and then selects the sample based on convenience or judgement (Polonsky and Waller, 2011:140). For example, the researcher may want to use equal proportions of consumers based on age, gender and ethnicity.

The first step will then comprise of selecting sample members based on the aforementioned characteristics. Next the researcher will select sample members based on his/her judgement or on the availability of consumers based on the predetermined characteristics.

Should the researcher decide to employ a non-probability technique then he she must consider the advantages and disadvantages of each method as shown in table 4.6.

Table 4.9 The advantages and disadvantages of non-probability techniques

TECHNIQUES	STRENGTHS	WEAKNESSES
Convenience sampling	<ul style="list-style-type: none"> • Convenience sampling is cost-effective, convenient and saves time. 	<ul style="list-style-type: none"> • The researcher may fall victim to selection bias. • The sample may not be representative of the target population. • Convenience sampling is not recommended for descriptive or causal research.
Judgemental sampling	<ul style="list-style-type: none"> • Certain characteristics within the sample can be controlled. • Judgemental sampling is cost-effective, convenient and saves time. 	<ul style="list-style-type: none"> • This method does not allow for generalisation. • The researcher may be subjective when selecting sample members.
Quota sampling	<ul style="list-style-type: none"> • The sample can be controlled only if certain characteristics are included. 	<ul style="list-style-type: none"> • The researcher may be biased when selecting sample members and the selected sample may not be representative of the target population.
Snowball sampling	<ul style="list-style-type: none"> • This method allows the researcher to obtain sample members with rare characteristics through referrals or networking. 	<ul style="list-style-type: none"> • It is time consuming.

Source: Wall, Coday, & Mitchell (2014)

The researcher must consider the advantages and disadvantages of each non-probability sampling technique before selecting a suitable technique.

Due to practical considerations such as cost and time factors, respondents for this research study were selected at the discretion of the researcher. Callegaro *et al.*, (2015:48) explain that non-probability sampling is suitable for research purposes where the population concerned is homogenous. Non-probability sampling is used mainly when the researcher seeks broader views or reactions from the population rather than a clear and concise understanding of the research question (Callegaro *et al.*, 2015:48).

The non-probability sampling technique that was applied for the current research study was convenience sampling. When employing this technique, the researcher relies mainly on their experience and judgement to select elements of the population which they believe is representative of the entire population (Punch, 2011:187). Respondents were selected to be included in the research study mainly because the researcher believed they met the requirements of the study, and were a part of the target population.

Once the researcher has selected the sampling technique to be used, the next step is to determine the sample size.

4.7.6 Determine the sample size

The sample size of the population can be defined as the number of participants required for data collection for the purpose of the research study (Kumar, 2012:194). Beech (2015:85) explains that due to time and cost implications, it is impractical for the researcher to study every member of the target population.

Malhotra *et al.*, (2011:500) explain that the usual sample size in marketing research studies varies between 300 – 500 respondents especially when the study is related to

problem solving. In the instance of this research study, the problem refers to consumers' perceptions towards loyalty programmes offered by cosmetic retailers in KwaZulu Natal. A target sample of one group of 300 respondents who met the criteria for participation in the study, taking into account a 95% confidence level, was deemed appropriate by Unisa's Bureau of Marketing Research.

The target sample was required to comply with the following requirements:

- Men and women who purchase cosmetics in Durban and on the KwaZulu Natal north coast.
- Men and women who speak, read and understand English.
- Men and women residing in Durban and on the KwaZulu Natal north coast.
- Men and women willing to participate in the study.
- Men and women over the age of 18 years.

Respondents were identified by means of a screening question (question 1 on Annexure A). Respondents who replied no to question 1, were immediately disqualified from the study. Respondents who replied yes, were allowed to proceed.

The method used to select the sample was discussed and approved by the Bureau of Market research at the University of South Africa.

The next step in the marketing research planning process as illustrated in Figure 4.1, is designing the research instrument.

4.8 RESEARCH INSTRUMENT

The next step in the marketing research process as indicated in Figure 4.1, is to design the research instrument. The tool used by the researcher to collect information for the sample population, is referred to as the research instrument (Tustin *et al.*, in Nell, 2013:92). The research instrument used in this study is questionnaires.

Questionnaires are commonly used to gather data from interviews, mail, telephone or web-based surveys (Brassington and Pettitt, 2013:191). In order to ensure that the relevant data is gathered, researchers must ensure that the questions are properly structured (Brassington and Pettitt, 2013:191).

Jobber and Ellis-Chadwick (2013:225-227) advise that researcher pay attention to the following criteria when designing questionnaires:

- Ensure that the respondents understand the questions.
- Ensure that the respondents are able to provide the desired information.
- Ensure that respondents are willing to answer the questions.

The researcher will use questionnaires to gather data for this research study. Zikmund *et al.*, (2013:337-340) explain that researchers may make use of open-ended or closed-ended/fixed alternative questions when collecting necessary data from researchers. Open-ended and closed-ended questions are briefly explained next.

4.8.1 Open-ended questions

The respondent is required to respond to questions in his or her own words (McDaniel and Gates, 2013:344). Open-ended questions are mostly used during exploratory research when the researcher wishes to gain insight into how people think (Kotler and

Keller, 2016:129). Should a researcher choose to use open-ended questions to gather data, Kotler and Keller (2016:129) advise that the researcher must:

- Avoid bias during the data collection process.
- Avoid leading the respondent to a desired answer.
- Avoid using ambiguous words such as usually or frequently, since they do not have a specific meaning.

Although open-ended questions provide researchers with a wide array of information, it is an expensive way to edit and code data obtained from asking such questions (McDaniel and Gates, 2013:344-346). The researcher did not include open-ended questions in the questionnaire.

4.8.2 Closed-ended/fixed alternative questions

Closed-ended or fixed-alternative questions provides the respondent with a limited number of choices or alternatives to questions (Bordens and Abbot, 2014:259).

According to Zikmund *et al.*, (2013:338-340), the types of fixed alternative questions are:

- a) Simple-dichotomous questions which requires the respondent to choose one of two alternatives, namely, yes or no.
- b) The determinant-choice question which requires the respondent to choose only one response from several alternatives.
- c) The frequency-determination question seeks to determine the general frequency of an occurrence. An example of a general frequency occurrence question is:

How often do you use the cosmetic loyalty programme you are a member of?

- Weekly
- Once a month
- Twice a month
- Every 2 – 3 months
- Less than three times per year

d) Attitude rating scales such as the Likert scale where respondents indicate how strongly they agree or disagree with statements on the phenomenon under study by selecting one option. An example of a Likert scaled response is:

How likely are you to recommend the loyalty programme to others?

- Very likely
- Somewhat likely
- Neutral
- Somewhat unlikely
- Very unlikely

e) The checklist question which allows respondents to provide multiple responses to a single question by choosing more than one response to a single question. An example of a checklist question is:

Of which of the following cosmetic retailers are you aware of that offer loyalty programmes? You may select more than one option.

- Clicks (Clicks Club Card)
- DisChem
- Red Square (Edgars Thank U)
- Body Shop (Clicks Club Card)
- Sorbet
- Cellu Beauty (now LaVita Spa) Cosmetic Shop

- M.A.C. Cosmetics SA
- Other

Data obtained from close-ended questions is much easier to analyse than data obtained from open-ended questions (Ruzzier, 2013:85). The questionnaire will consist of closed-ended questions and will make use of Likert Scales to measure respondents' attitudes to certain variables (Zikmund, Babin, Carr & Griffin, 2013:338-340). After the desired number of responses has been attained, the data obtained from the questionnaires will be analysed and interpreted using the process briefly outlined in the next section. Table 4.7 explains the advantages and disadvantages associated with closed-ended/fixed alternative response questions.

Table 4.9 Advantages and Disadvantages of Using Closed-ended / Fixed Alternative Questions

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • The researcher avoids the problems associated with open-ended questions such as bias. • While reading the response alternatives, the respondent may remember an occurrence related to the phenomenon and thus provide a more realistic response. • The coding and data entry can be done automatically with questionnaire software programmes. 	<ul style="list-style-type: none"> • Closed-ended/fixed-alternative questions do not allow the researcher to probe a respondent for more information. • The respondent must choose from a limited number of alternatives when responding to questions. • The researcher may fail to include an alternative that accurately describes a respondent's opinion. The respondent may then be forced to select another alternative which may be an inaccurate representation of his/her opinion.

Source: McDaniel and Gates (2013); Borden and Abbot 2014

The researcher must consider both the advantages and disadvantages of using closed-ended or fixed-alternative questions in order to prepare a high-quality questionnaire that consists of a series of carefully chosen questions that can be used to solve the research problem (Ruzzier *et al.*, 2013:85). The research instrument selected to collect data for this study is questionnaires. The researcher must first define all the objectives that should be addressed in the questionnaire and compile a detailed outline of the information required to answer the relevant objectives before designing each question (Malhotra, Birks, & Wills, 2012:10)

The researcher compiled a set of twenty-two questions (see Annexure A) which were based on the research objectives of the study to ensure that the desired data would be collected. The questions regarding the demographics of each respondent were asked at the end of the questionnaire.

Once the research instrument has been designed, the next step in the marketing research process as indicated in Figure 4.1, is to pre-test the research instrument.

4.8.3 Pre-test and revise

The seventh phase of the marketing research process as depicted in Figure 4.1, is for the researcher to pre-test and revise the research instrument. The researcher must first test the questionnaire before the data collection process can begin. The pre-test or pilot study of the research instrument is carried out on a small number of respondents who meet the characteristics of the pilot study prior to the actual data collection (Phellas, Block & Seale, 2011:197). The purpose of a pre-test of the research instrument is to determine if both the interviewer and the respondent understand the questions in the questionnaire as the researcher intended (Phellas *et al.*, 2011:197). For the purpose of this study, the twenty-two questions that were asked to the 300 members of the sample population, were first tested on ten respondents who were not be included in the final sample.

4.9 DATA COLLECTION

Once the researcher has pre-tested the questions, the next step in the marketing research process as indicated in Figure 4.1 is to conduct the fieldwork. As mentioned in section 4.2.4, the researcher interviewer-administered questionnaires to collect data for the current research study. Twenty-two closed-ended and fixed-alternative questions were derived from the research objectives and used in the questionnaires.

The researcher obtained permission from relevant shopping malls and retailers to conduct the study. Three hundred respondents were then selected, using purposive sampling, to answer the questionnaire. After all the data has been collected, the next step in the marketing research process is to process and analyse the collected data.

4.10 DATA ANALYSIS

The penultimate step in the marketing research process as illustrated in Figure 4.1, is for the researcher to process and analyse the data collected. During the processing and analysing of data, the researcher must "extract findings by tabulating the collected data and developing summary measures" (Kotler and Keller, 2016:135). Since quantitative data was collected for this research study, statistical analysis will be used to analyse data (Ruzzier *et al.*, 2013:90).

Since this research study used closed-ended / fixed alternative response questions, the categories were pre-coded before data was collected. Zikmund *et al.*, (2013:470) explain that during the pre-coding process, categories are determined before the data is collected. The codes in the data file corresponds to each code of the fixed-alternative responses on the questionnaires which are indicated in small numbers below each choice option (See Annexure A). The questions in Annexure A shows several categorical questions classifying respondents' scores. For example, question 1 requires a respondent to either answer yes (1) or no (2) when asked whether he/she shops at cosmetic retailers.

Question 4 has seven possible responses and they are coded from 1 – 8. The researcher used software to ensure that the coding was automated.

Once all the data and research findings have been analysed, the researcher must then report the research findings.

4.11 INTERPRET THE RESULTS AND COMPILE A RESEARCH REPORT

The final step in the marketing research process as shown in Figure 4.1, is the interpretation and reporting of the data that was collected and to report the findings to management for the purpose of decision-making (Mullins and Walker jnr., 2013:175-6). The data analysis process consists of four stages namely description, interpretation, conclusion and theorisation (Quinlan, 2011:364 -365).

According to Quinlan (2011:364-365) the data analysis process may be described as follows:

- **Description:** The researcher describes what they see in the data.
- **Interpretation:** The researcher states what they think the data means.
- **Conclusions:** The researcher draws major or minor conclusions from the data.
- **Theorisation:** The researcher summarises the findings based on the data into theory and compares the findings of the research study to previous studies.

The findings and recommendations of this study are presented in detail in Chapter 5 and Chapter 6 of this research study.

4.12 LIMITATIONS OF THE STUDY

The researcher considered the possible limitations of the current research study. The main area of concern was the use of convenience sampling which is a possible limitation since the findings cannot be generalised to the entire population. This research study is limited to participants selected from Durban and the North Coast of KwaZulu Natal. However due to the quantitative nature of the research study, the findings obtained are intended to be transferable. The sample is aimed to be as representative as possible of South African consumers who frequent cosmetic retailers. However, the sample may not be representative of South Africans from the different Living Standards Measure's (LSM's) segments, but will be sufficient to explore this research problem in particular.

Future researchers should consider a more representative sample. The current sample population was drawn from the province of KwaZulu-Natal and may be considered geographically representative. The main aim of this research study was to provide cosmetic retailers in KwaZulu-Natal with a better understanding of consumer perceptions towards loyalty programmes they offer.

4.13 ETHICAL CONSIDERATIONS

Before undertaking the research project, the researcher first obtained internal ethical clearance from the ethical clearance committee of the University of South Africa. The researcher acknowledged reading the Policy on Research Ethics of Unisa (2013).

According to the University of South Africa Policy on Research Ethics (2013:03), participants should not be harmed, subjected to discomfort, embarrassed, ridiculed or subjected to any form of mental distress. Participants were not forced to take part in the research study and were informed about the reason for the research study (University of South Africa, 2013:04). All data obtained from the research study will be held in confidence. Participants' identities will also be confidential and will not be disclosed to

anyone or any organisation and will be used only for the purpose of this research study (University of South Africa 2013:05).

The researcher then declared that the contents of the research study were a true and accurate reflection of the methodological and ethical implications. She also confirmed that all data collected was classified as confidential and that the identity of all participants was not compromised as participants were granted anonymity throughout the data collection process. All participants were informed about the study by means of a letter informing them of the purpose of the research study. Participants were first required to agree to participation before being allowed to take part in the research study. Participation in the research process was purely voluntary.

The researcher obtained ethical clearance from the Bureau of Marketing Research at UNISA (see Annexure B).

4.14 SUMMARY

The purpose of this research study is to determine consumer perceptions towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal north coast. This chapter focussed on the methodology used to gather the required data that was needed to achieve the objectives of the research study. The chapter commenced with a description of the marketing research process. A discussion on the process followed based on the illustration of the marketing research process depicted in Figure 3.1. The research problem was defined and the research objectives were identified. The research design as well as the advantages and disadvantages of the different types of data collection, research techniques was discussed in detail. The research instrument as identified. The chapter concluded with the limitations of the study and ethical considerations.

CHAPTER FIVE: DATA ANALYSIS

5.1 INTRODUCTION

The purpose of the study was to determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast. The discussion has thus far provided an introduction to the study (Chapter 1); an overview of the South African cosmetic retail industry and consumer loyalty programmes (Chapter 2); consumer behaviour and perceptions (Chapter 3); and the research methodology used to carry out the study (Chapter 4). The process for the collection of raw data, as well as the cleaning, coding and editing of data to conduct the data analysis and interpretation, was explained in Chapter 4. The next step in the marketing research process, as indicated in Figure 4.1 in Chapter 4, is to process and analyse the data. The latter will be discussed in this chapter.

The main aim of Chapter 5 is to present the research findings and to interpret the results in order to realise the research objectives. Chapter 5 commences with a brief overview of the research question, objectives and design used to conduct the study. The discussion of the research results commences with a descriptive analysis of each question. Appropriate tables and figures are provided in order to enhance the analysis and interpretation of the results.

5.2 OVERVIEW: RESEARCH OBJECTIVES AND DESIGN

The research question, objectives and design of the study, discussed in detail in Chapters 1 and 4, are briefly recapped in the sections that follow.

5.2.1 Research Question

In the current study, the research question, which was derived from the research problem, sought to determine how consumers perceived loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast. As explained in Chapter 1, the cosmetics industry is classified under section 4762 in the SIC (Stats SA, 2012:170), which describes the cosmetic retail industry as retailers who specialise in the “retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores” (see 2.2). Previous studies conducted by Duff and Einig (2015) indicated that loyalty programmes are an important element of consumer relationship management, as long-term consumers tend to be satisfied with their relationships with a retailer, business or organisation and are less likely to switch to competitors (Kotler and Keller, 2016).

Academic articles available on databases such as *Oxford Journal* and *Journal of the Academy Marketing Science* provide literature on loyalty programmes used as a consumer retention marketing tool but, however, do not study consumers’ perceptions of loyalty programmes offered by cosmetic retailers (see 1.7).

The primary research question of this study was stated as follows:

What are consumers’ perceptions of loyalty programmes offered by cosmetic retailers in KwaZulu-Natal? Primary and secondary objectives were derived from the primary research question and are discussed next.

5.2.2 Research Objectives

The primary objective of the study was to determine consumers’ perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast. With the rapid growth in loyalty programmes in South Africa (Cromhout, 2016:04), the question then arises as to how consumers perceive loyalty programmes offered by cosmetic retailers and which factors affect consumers’ perceptions of loyalty programmes

offered by cosmetic retailers (see 1.2). The secondary objectives were derived from the primary objectives and are listed next.

The secondary objectives of this study were to determine:

- consumers' awareness of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' opinions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' attitudes towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- future areas of research into loyalty programmes

The section that follows gives a brief overview of the research design used in the current study.

5.2.3 Research Methodology

The study followed a quantitative research approach (see 4.6.3) as it made use of numerical data, statistics and figures to achieve the objectives of the study. An interviewer-administered questionnaire was used to collect data from the sample population of this study. The questionnaire included various questions related to consumer loyalty programmes to test consumers' perceptions of loyalty programmes and to identify factors that affect consumers' perceptions of loyalty programmes.

5.2.3.1 Population Sample

The sample population consisted of individuals between the ages of 18 and 64 who resided in Durban and on the KwaZulu-Natal North Coast, and who were aware of cosmetic retailers' loyalty programmes and loyalty programmes offered by other retailers. The North Coast of KwaZulu-Natal stretches from the Umgeni River to the Tugela River with the river mouth opening north of Durban's natural Harbour (Wavescape Media, 2017:01). As discussed in Chapter 1 (section see 1.3), Durban and the KwaZulu-Natal North Coast were selected for the current research study as the retail industry in KwaZulu-Natal continues to grow due to the expansion of the Dube Tradeport on the KwaZulu-Natal North Coast, which contributes to economic and infrastructure development in the province. Due to improved and modern infrastructure in KwaZulu-Natal, cosmetic retailers and major international cosmetic houses, such as Estee Lauder, Revlon, Dermalogica and many more, are able to distribute their goods more efficiently to urban centres, townships and rural areas, thus presenting competition to local entrepreneurs (who manufacture and sell cosmetic products) and existing cosmetic retailers (see section 1.3).

5.2.3.2 Sampling Method

A non-random sampling method was used for this study. Based on the sampling frame, the most appropriate sampling method for the study was that of convenience sampling (see section 4.7.5.2). Although convenience sampling does not allow the findings to be generalised to the whole population, the researcher will, however, gain valuable insight into the research problem. As discussed in Chapter 4 (see section 4.7.5.2), the sample was obtained by collecting data from consumers who buy from cosmetic retailers with whom the researcher came into contact with at malls. Permission was obtained from relevant malls and retailers to interview consumers who buy cosmetics from cosmetic retailers on the premises. As the researcher was given permission by mall management to personally conduct the survey during specific periods of time, data was collected from consumers who were willing to participate in the research survey between 16 October

2016 and 3 November 2016. A total of 360 consumers who were aware of loyalty programmes indicated their willingness to participate in the survey.

The number of cosmetic retailers' loyalty programme members (n=303) who participated in the research survey was in line with the minimum number of responses required by the Bureau of Market Research (see section 4.7.6). The analysis of the primary data comprised descriptive statistics, factor analysis as well as inferential statistics. The analysis of the data gathered from the sample is discussed in the sections that follow.

5.3 RESEARCH FINDINGS

The data that was collected from the sample population was analysed by means of the SAS (Statistical Analysis Software) data analysis programme, using the process described in Chapter 4, Section 4.5.2. The demographic profile of the population sample is discussed in the section that follows.

5.3.1 Demographic Profile of Respondents

The demographic profile of respondents represents information such as awareness and knowledge of loyalty programmes, awareness of cosmetic retailer-specific loyalty programmes, membership of cosmetic retailer-specific loyalty programmes, age, gender and race. In the current study, understanding the demographic profile of respondents is important as it assisted in determining the type of consumers (with regard to knowledge, awareness and membership of cosmetic retailer-specific loyalty programmes; gender; age; and race) who would most likely be attracted to cosmetic retailer-specific loyalty programme marketing campaigns. The reporting of the results commences with the results of the screening questions (1, 2, 3, 4 and 5), which were used to identify members of cosmetic retailer-specific loyalty programmes.

The analysis of the demographic profile of the sample commences with the reporting of the results for Question 1, a screening question, which aimed to determine if consumers were aware of loyalty programmes.

5.3.1.1 Consumers' Awareness of Loyalty Programmes

Only consumers who were aware of loyalty programmes were allowed to participate in the study as the researcher's aim was to determine consumers' perceptions of loyalty programmes. Respondents were asked in Question 1 to indicate whether or not they were aware of loyalty programmes. The results are presented in Table 5.1 below.

Table 5.1: Consumers' Awareness of Loyalty Programmes

Response	Frequency (n)	Percentage %
Yes	360	100
No	0	0
Total	360	360

Source: Question 1

According to the results in Table 5.1, all respondents (n = 360) were aware of loyalty programmes. Respondents were then asked to continue with the questionnaire.

5.3.1.2 Consumers' Understanding of Loyalty Programmes

In order to determine respondents' understanding of loyalty programmes and gain insight into how much consumers knew about loyalty programmes, all (n=360) respondents were asked to rate five different statements regarding loyalty programmes they were aware of on a five-point Likert scale ranging from strongly agree to strongly disagree. The results of the frequency analysis and mean scores of Question 2 on consumers' understanding of loyalty programmes are presented in Table 5.2 below.

Table 5.2 Consumers' Understanding of Loyalty Programmes

N o	Statement	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total %	Total n	SD	Mean
		%	n	%	n	%	n	%	n	%	n				
1	They want to reward consumers who purchase regularly.	38.33	138	40.28	145	11.95	43	4.72	17	4.72	17	100	360	1.0578	1.972
2	They want to influence consumers to return to their stores to make more purchases.	40.56	146	40.56	146	10.83	39	4.16	15	3.89	14	100	360	1.0119	1.903
3	They want to prevent consumers from shopping at competing retailers.	31.94	115	30.56	110	19.17	69	10.83	39	7.50	27	100	360	1.2350	2.314
4	They believe that loyalty programmes help maintain and enhance the relationships between consumers and retailers.	31.39	113	36.39	131	18.89	68	6.11	22	7.22	26	100	360	1.1641	2.214
5	I do <u>NOT</u> understand what a loyalty programme is.	4.44	16	4.44	16	10.28	37	12.78	46	68.06	245	100	360	1.1127	4.356

Source: Question 2

It is clear from the results in Table 5.2 that equal proportions of respondents strongly agreed (40.56%, n = 146) and agreed (40.56%, n = 146) that retailers used loyalty programmes to encourage repeat purchases at their stores, while a small percentage (8.06%, n = 29) of respondents strongly disagreed (3.89%, n = 14) and disagreed (4.16%, n = 15) with this statement.

According to the results in Table 5.2 less than a third (31.94%, n = 115) of respondents strongly agreed and agreed (30.56%, n = 110) that retailers used loyalty programmes to prevent consumers from shopping at competitors, while a small percentage (18.33%) of respondents strongly disagreed (7.50%, n = 27) and disagreed (10.83%, n = 39) with this statement.

The results in Table 5.2 indicate that more than two-thirds (67.78%, n = 244) of respondents strongly agreed (31.39%, n = 113) and agreed (36.39%, n = 131) that loyalty programmes helped maintain and enhance the relationships between consumers and retailers. A small percentage (13.33%, n = 18) of respondents disagreed (7.22%, n = 26) and strongly disagreed (6.11%, n = 22) with the same statement.

It is clear from Table 5.2 that the statement that respondents felt most strongly about on a five-point Likert scale (1 = strongly agree and 5 = strongly disagree) was “They want to influence consumers to return to their stores to make more purchases” (m = 1.903, SD = 1.0119).

It is furthermore evident from the results shown in Table 5.2 that the average score for the items on a five-point Likert scale, where 1 = strongly agree and 5 = strongly disagree, are all below 2.5, except for the item “I do **NOT** understand what a loyalty programme is” where m = 4.356 and SD = 1.1127. It can thus be inferred that the respondents understand what a loyalty programme is based on the given reasons in Question 1.

5.3.1.3 Respondents' Awareness of Cosmetic Retailers' Specific Loyalty Programmes

Respondents were asked in Question 3 to indicate their awareness of cosmetic retailers' loyalty programmes, as the main focus of this research study was on consumers' perceptions of cosmetic retailers' loyalty programmes. If respondents were not aware of cosmetic retailers' loyalty programmes, they were not in a position to answer the rest of the questions that related to these programmes.

Respondents were then thanked for their contribution and no further questions were asked. According to the results in Table 5.3, the majority (88.33%, n = 318) of respondents were aware of cosmetic retailers' loyalty programmes, while a minority (11.67%, n = 42) were not aware of cosmetic retailers' loyalty programmes. The results are presented in Table 5.3 below.

Table 5.3 Awareness of Cosmetic Retailers' Loyalty Programmes

Response	Frequency (n)	Percentage %
Yes	318	88.33
No	42	11.67
Total	360	100.00

Source: Question 3

The majority of respondents who answered "yes" to Question 3 were then required to proceed to Question 4. The findings for Section 5.3.1.3 are based on the responses received from the 318 respondents who were aware of cosmetic¹ retailers' loyalty programmes.

¹ Clicks is a health, home and beauty retailer that has been independently rated as South Africa's leading beauty retailer and is included in this study because the retailer currently commands approximately 31.4% of the local cosmetic industry (Euromonitor International, 2017: 01). Dischem is included in this study because cosmetic products are included in the front store section in all Dis Chem stores and the growth of cosmetics products within Dis Chem has led to the introduction of skin care salons in most Dis Chem stores (Dis-Chem Pharmacies Limited Pre-listing Statement, 2016:42). Dischem presently commands 3.7% of the local cosmetic retail industry while Red Square commands 1.2% of the local cosmetic retail industry (Euromonitor International, 2017:01). (see 2.2.1).

5.3.1.4 Consumer Awareness of Cosmetic Retailer-Specific Loyalty Programmes

In order to determine which cosmetic retailer-specific loyalty programmes respondents were aware of, the 318 respondents who were aware of cosmetic retailers' loyalty programmes were asked to make a selection from a given list. Respondents were also allowed to indicate cosmetic retailers' loyalty programmes that they were aware of that were not included in the given list. Respondents could select more than one option if necessary to determine how many cosmetic retailers' loyalty programmes they were aware of. The results are presented in Table 5.4 below. Since respondents were allowed to select more than one option, the table was not totalled.

Table 5.4: Cosmetic Retailers' Loyalty Programmes That Respondents Are Aware Of

Cosmetic Retailers' Loyalty Programmes	Frequency (n)	Percentage %
Clicks ClubCard	247	77.67
Dis-Chem Vitality	160	50.00
Red Square (Thank U)	217	68.23
Body Shop (Clicks ClubCard)	80	25.15
Sorbet	29	9.11
La Vita Spa	14	4.40
M.A.C.	15	4.72
Other	5	1.57 ²

Source: Question 4

From Table 5.4 it is clear that Clicks ClubCard (77.67%, n = 247) and Red Square's Thank U card (68.23%, n = 217) were the loyalty programmes respondents were most aware of in Durban and on the KwaZulu-Natal North Coast. The cosmetic retailers' loyalty programmes that respondents were least aware of are La Vita Spa (4.40%, n = 14) and M.A.C. (4.72%, n = 15).

² (The percentage does not add up to 100% or 318 as respondents were allowed to select more than one option.)

Other loyalty programmes that respondents were aware of included those offered by Avon, Beauty Zone, Crabtree and Evelyn and Smashbox. Respondents were then required to indicate which cosmetic retailers' loyalty programmes they belonged to.

5.3.1.5 Membership of Loyalty Programmes Offered by Cosmetic Retailers

Respondents who were aware of cosmetic retailers' loyalty programmes (n = 318) answered Question 5 as the aim of this Question was to determine how many respondents who were aware of loyalty programmes **actually belonged to** cosmetic retailers' loyalty programmes. The responses are presented in Table 5.5 below.

Table 5.5: Membership of Cosmetic Retailers' Loyalty Programmes

Members of Cosmetic Retailers' Loyalty Programmes	Frequency (n)	Percentage %
Yes	303	95.28
No	15	4.72
Total	318	100.00

Source: Question 5

According to Table 5.5, the overwhelming majority (95.28%, n = 303) of respondents belonged to cosmetic retailers' loyalty programmes, while a small percentage (4.72%, n = 15) of respondents did not belong to any cosmetic retailers' loyalty programmes. Respondents who did not belong to cosmetic retailers' loyalty programmes were then asked to provide a reason for their non-membership from a given list, which is discussed next.

5.3.1.6 Reasons for Non-Membership of Cosmetic Retailers' Loyalty Programmes

Respondents were required to select only **one** option from a given list or provide one reason to indicate reasons for non-membership to a cosmetic retailer's loyalty programme. The results are summarised in Table 5.6 below.

Table 5.6: Reasons for Non-Membership of Cosmetic Retailers' Loyalty Programmes

Statement	Frequency (n)	Percentage %
I do not like carrying too many cards in my wallet/purse.	4	25.00
I feel that the rewards that are offered are not substantial or relevant to me.	4	25.00
I believe that loyalty programmes are marketing ploys retailers use to lure consumers into their stores.	3	18.75
The rewards accumulate at a slow pace.	3	18.75
I have never been offered membership to a loyalty programme.	1	12.50
Total	15	100.00

Source: Question 5

It is clear from the results in Table 5.6 that a quarter (25%, $n = 4$) of respondents did not belong to cosmetic retailers' loyalty programmes because they did not like carrying around too many cards, while a further quarter (25%, $n = 4$) of respondents felt that the rewards were not substantial enough to warrant membership. One out of five ($n = 3$) respondents who do not belong to cosmetic retailers' loyalty programmes believed that cosmetic retailers' loyalty programmes were simply a marketing tactic used by retailers to lure consumers into their store and that the rewards accumulated at a very slow pace.

Only one respondent indicated that he/she was never offered membership at a cosmetic retailer's loyalty programme. Respondents who were not members of cosmetic retailers' loyalty programmes were thanked for their participation in the study and exited the survey at this point as the focus of the study was on respondents who were members of cosmetic retailers' loyalty programmes. The remaining findings are based on respondents ($n = 303$) who are members of cosmetic retailers' loyalty programmes.

5.3.1.7 Gender and Age of the Population Sample

Understanding the demographic profile of the respondents is important as it assists the researcher in identifying differences in consumers' perceptions towards loyalty programmes offered by cosmetic retailers in terms of gender, age and race. Demographic data was not collected from the 57 respondents who indicated that they did not belong to cosmetic retailers' loyalty programmes as the focus of the study was to determine how consumers who belonged to cosmetic retailers' loyalty programmes perceived cosmetic retailers' loyalty programmes.

Respondents were asked to indicate their gender in Question 19 and age group in Question 20. The results in Table 5.7 indicate that 79.21% (n = 240) of respondents were female, while 20.79%, (n = 63) were male. It is clear from the results shown in Table 5.7 that more than a quarter (25.09%, n = 76) of the female respondents were between 25 and 34 years of age, and a small percentage (4.95%, n = 15) of the female respondents fell in the age category 55–64.

The results in Table 5.7 indicate that more than half of the respondents (57.09%, n = 183) were between the ages of 25 and 44 and more than one fifth of respondents (20.79%, n = 63) were male. The significance of the findings is that it provides cosmetic retailers with an indication of which age groups and gender to target in terms of loyalty programme marketing campaigns. From the responses it would seem that the respondents mostly fell within the 25–34 age group and were mostly female.

Table 5.7 Gender and Age of Population Sample

Age Group	Female		Male		Total	Total Percentage
	n	%	n	%		%
18–24	61	20.13	23	7.59	84	27.72
25–34	76	25.09	19	6.27	95	31.35
35–44	65	21.45	13	4.29	78	25.74
45–54	23	7.59	3	0.99	26	8.58
55–64	15	4.95	5	1.65	20	6.61
	240	79.21	63	20.79	303	100.00

Source: Question 20 and 21

It is clear from the responses in Table 5.7 that females are the main members of cosmetic retailers' loyalty programmes, while a significant number of males are also members of cosmetic retailers' loyalty programmes.

5.3.1.8 Race

In order to determine the race of the sample population, which would help cosmetic retailers in the planning of their marketing drives, respondents were asked to classify themselves according to race groups in Question 21. It is clear from Table 5.8 that almost half (47.19%, n = 143) of the respondents classified themselves as black, while 33.33% (n = 101) classified themselves as Indian. Only one respondent selected the option "other".

The results may be attributed to the fact that the research survey was conducted in areas of Durban and the KwaZulu-Natal North Coast with a higher than average Indian and Black population. The composition of the respondents according to race is depicted in Table 5.8 below.

Table 5.8 Race Distribution of Respondents

Race Group	Frequency (n)	Percentage %
Black	143	47.20
Indian	101	33.33
White	43	14.20
Coloured	15	4.95
Other	1	0.33
Total	303	100.00

Source: Question 22

It is clear from the results in Table 5.8 that cosmetic retailers' loyalty programmes consisted of members from all the different race groups. Since cosmetic products are designed for different skin, body and hair types, cosmetic retailers can adapt their marketing actions based on the population representativeness per geographical region.

5.3.1.9 The Advertising Media That Influenced Respondents to Join Cosmetic Retailers' Loyalty Programmes

Respondents were asked in Question 19 to indicate (from a given list of options) which advertising media influenced them to join the cosmetic retailer's loyalty programme they belonged to. Respondents could select more than one option and also allowed to add their own options to the list. The results are presented in Table 5.9.

Table 5.9: Advertising Media That Influenced Consumers to Join the Cosmetic Retailer's Loyalty Programme

Advertising Media	Frequency (n)
In-Store signage	188
Television advert	131
Print advert	84
Social media post	95
Radio advert	85
Other	26

Source: Question 19

It is clear from the results in Table 5.9 that more than half ($n = 188$) of the respondents were influenced by the cosmetic retailer's in-store signage to join their loyalty programme. A further 131 respondents were influenced by television advertising to join the cosmetic retailers' loyalty programme. More than a quarter ($n = 84$) of respondents were influenced by print media advertising and radio advertising media ($n = 85$) to join the cosmetic retailer's loyalty programme.

Respondents were allowed the option of indicating other communication media that influenced their decision to join a cosmetic retailer's loyalty programme. The results are shown in Table 5.10 below.

Table 5.10: Other Communication Media That Influenced Consumers to Join the Cosmetic Retailer's Loyalty Programme

Other	Frequency (n)
Sales representative	7
Cashier	2
Family	3
Friends	1
Promotional pamphlet	2
Medical aid	2
Outdoor advertising	1
Staff	3
Work colleagues	1
Sales person	3
Website	1

Source: Question 19

It is clear from Table 5.10 that a small percentage (8.58%, $n = 26$) of respondents learned about the cosmetic retailers' loyalty programmes through other means, namely sales representatives ($n = 7$). Respondents were then required in Question 6 to indicate which cosmetic retailers' loyalty programmes they were members of. The results are discussed next.

5.3.2 Cosmetic Retailer-Specific Loyalty Programmes Consumers Are Members Of

In order to determine which cosmetic retailer-specific loyalty programmes respondents were members of, respondents were asked in Question 6 to indicate from a given list of options which cosmetic retailers' loyalty programmes they belonged to. Respondents were allowed to select more than one option and to indicate cosmetic retailers' loyalty

programmes that were not on the given list. It is clear from Table 5.11 that the majority (76.90%, n = 233) of respondents were members of the Clicks ClubCard loyalty programme, followed by Red Square's Thank U programme (59.40%, n = 180). A small percentage (4.29%, n = 13) of respondents belonged to loyalty programmes offered by cosmetic retailers not listed on the questionnaire, namely, Smashbox (2.31%, n = 7) and Beauty Zone (1.98%, n = 6). Due to respondents being allowed to select multiple options, the table was not totalled.

Table 5.11 Cosmetic Retailers' Loyalty Programmes Respondents Belonged To

Cosmetic Retailer	Frequency (n)	Percentage %
Clicks	233	76.90
Dis-Chem	130	42.90
Red Square (Thank You)	180	59.40
Body Shop	67	22.11
Sorbet	14	4.62
LaVita	10	3.30
M.A.C.	10	3.30
Smashbox	7	2.31
Beauty Zone	6	1.98 ³

Source: Question 6

5.3.3 Cosmetic Retailers' Loyalty Programmes Used Most by Consumers

In Question 7, respondents were asked to indicate, from a given list of cosmetic retailer-specific loyalty programmes, which cosmetic retailers' loyalty programmes they used the most when purchasing cosmetic products. The results are shown in Table 5.12 below.

³ (The percentage does not add up to 100% or 303 as respondents were allowed to select more than one option.)

Table 5.12: Cosmetic Retailers' Loyalty Programmes Used Most by Consumers

Cosmetic Retailer's Loyalty Programme	Frequency (n)	Percentage %
Clicks ClubCard	156	51.49
Dis-Chem Benefits	49	16.17
Red Square (Thank U)	76	25.08
Body Shop (Clicks ClubCard)	13	4.29
Sorbet	3	0.99
LaVita Spa (Previously Cellu Beauty)	2	0.66
M.A.C. Cosmetics SA	2	0.66
SmashBox	2	0.66
Total	303	100.00

Source: Question 7

It is clear from Table 5.12 that the majority (51.49%, n = 156) of the respondents used the Clicks ClubCard loyalty programme the most. This is followed by Red Square's Thank U (25.08%, n = 76) points loyalty programme. The cosmetic retailers' loyalty programmes used the least by respondents were Sorbet (0.99%, n = 3), La Vita Spa (Cellu Beauty) (0.66%, n = 2) and M.A.C. Cosmetics SA (0.66%, n = 2).

5.3.4 Respondents' Duration of Membership of Cosmetic Retailer's Loyalty Programme

In order to determine how long respondents were members of the cosmetic retailer's loyalty programme, respondents were given a list of options and were asked in Question 8 to indicate the period of time they have been members of the cosmetic retailer's loyalty programme they used the most. The findings are presented in Table 5.13 below.

According to Table 5.13, less than a third (32.01%, n = 97) of respondents had been members of the cosmetic retailer's loyalty programme for longer than five years, while

more than a quarter (27.72%, n = 84) of respondents had been members of the cosmetic retailer's loyalty programme for between three and five years. A small percentage (18.48%, n = 56) of respondents had been members of the cosmetic retailer's loyalty programme for less than six months.

Table 5.13: Length of Membership of Cosmetic Retailers' Loyalty Programmes

Length of Time	Frequency (n)	Percentage %
Less than 6 months	56	18.48
1 year to less than 3 years	66	21.78
3 years to less than 5 years	84	27.73
More than 5 years	97	32.01
Total	303	100.00

Source: Question 8

It can be concluded from Table 5.13 that more than half (59.74%, n = 181) of respondents had been members of a cosmetic retailer's loyalty programme for more than three years.

5.3.5 Factors That Influenced Consumers to Join the Cosmetic Retailer's Loyalty Programme

To establish which factors influenced respondents to join cosmetic retailer-specific loyalty programmes, respondents were asked to rate a given list of statements on a five-point Likert ranking scale ranging from strongly agree to strongly disagree. The results are presented in Table 5.14 below.

Table 5.14: Factors That Influenced Consumers to Join a Cosmetic Retailer's Loyalty Programme

N o	STATEMENT	LIKERT SCALE													
		Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Total %	Total n	SD	Mean score
		%	n	%	n	%	n	%	n	%	n				
1	To obtain rewards/discounts	61.72	197	28.05	85	5.28	16	2.64	8	2.31	7	100	303	.8891	1.558
2	To receive superior service	29.70	90	28.72	87	26.40	80	10.56	32	4.62	14	100	303	1.1416	2.317
3	To enter competitions reserved for consumer loyalty programme members	37.29	113	24.10	73	19.80	60	13.20	40	5.61	17	100	303	1.2421	2.257
4	To receive unique offers/promotions available only to members of the loyalty programme	42.90	130	35.65	108	13.53	41	5.28	16	2.64	8	100	303	1.0023	1.891
5	I joined only because I was offered membership by the cosmetic retailer	14.19	43	18.81	57	12.54	38	18.49	56	35.97	109	100	303	1.4832	3.432

Source: Question 9

It is clear from Table 5.14 that the majority (89.77%, n = 272) of respondents strongly agreed (61.72%, n = 187) and less than a third (28.05%, n = 85) agreed that they joined the cosmetic retailer's loyalty programme to obtain rewards and discounts. A small percentage (4.98%, n=15) of respondents strongly disagreed (2.31%, n=7) and disagreed (2.64%, n = 8) that they joined the cosmetic retailer's loyalty programme to obtain rewards and discounts. A minority (5.28%, n = 16) of respondents neither agreed nor disagreed that they joined the cosmetic retailer's loyalty programme to obtain rewards and discounts.

It is clear from Table 5.14 that the statements the respondents felt most strongly about on a five-point Likert scale (where 1 = strongly agree and 5 = strongly disagree) was "To obtain rewards/discounts" (m = 1.558, SD = 0.8891). The mean score is indicative of the majority of respondents (89.77%, n = 272) who strongly agreed or agreed that they joined cosmetic retailers' loyalty programmes to obtain rewards and discounts.

5.3.6 Factors Consumers Consider Important When Joining a Cosmetic Retailer's Loyalty Programme

In order to determine which factors respondents, consider important when joining cosmetic retailers' loyalty programmes, respondents were asked to rate a given list of statements on a five-point Likert ranking scale, ranging from strongly agree to strongly disagree. The results are presented in Table 5.15 below.

According to Table 5.15, the majority (90.43%, n = 274) of respondents strongly agreed (59.41%, n = 180) and less than a third (31.02%, n = 94) agreed that regular cash discounts offered by cosmetic retailers was an important factor to consider when joining a cosmetic retailer's loyalty programme. A small percentage (5.61%, n = 17) of respondents strongly disagreed (3.96%, n = 12) and disagreed (1.65%, n = 5) that regular cash discounts offered by cosmetic retailers was an important factor to consider when joining a cosmetic retailer's loyalty programme, whereas a small percentage (3.96%, n = 12) neither agreed nor disagreed with the same statement.

Table 5.15: Factors Consumers Consider Important When Joining a Cosmetic Retailer's Loyalty Programme

No	STATEMENT	LIKERT SCALE													
		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total %	Total n	SD	Mean Score
		%	n	%	n	%	n	%	n	%	n				
1	Regular cash discounts	59.41	180	31.02	94	3.96	12	1.65	5	3.96	12	100	303	.9471	1.597
2	Value for money offers	50.50	153	27.39	83	11.88	36	7.26	22	2.97	9	100	303	1.0781	1.848
3	Exclusive offers for loyalty programme members	43.56	132	29.05	88	15.84	48	6.93	21	4.62	14	100	303	1.1364	2.000
4	Competitions	32.67	99	22.45	68	26.40	80	11.88	36	6.60	20	100	303	1.2353	2.373
5	Regular discount vouchers	53.80	163	32.67	99	7.26	22	2.31	7	3.96	12	100	303	.9861	1.700
6	Accumulation of rewards thought affiliate programmes	48.51	147	26.08	79	16.83	51	3.96	12	4.62	14	100	303	1.1054	1.901

Source: Question 10

Respondents were also asked in Question 10 to list other factors they considered important when joining a cosmetic retailer's loyalty programme. Respondents were only required to provide one factor each. The results are presented in Table 5.16 below.

Table 5.16: Other Factors Consumers Consider Important When Joining a Cosmetic Retailer's Loyalty Programme

Factor	Frequency (n)	Percentage %
Keep service promises	1	7.14
Offer members a life insurance policy	2	14.29
Review customer service	1	7.14
Offer relevant special offers for loyalty members	2	14.29
Offer members employment	1	7.14
Improve online customer service	2	14.29
Provide good in-store service	2	14.29
Knowledgeable staff	1	7.14
Other free insurance cover	1	7.14
Quality of products	1	7.14
Total %	14	100.00

Source: Question 10

According to Table 5.16, a small percentage (4.62%, n = 14) of respondents considered factors such as relevant special offers (14.29%, n = 2) for loyalty programme members and good in-store service (14.29%, n = 2) before joining a cosmetic retailer's loyalty programme.

5.3.7 Frequency of Use of Cosmetic Retailer's Loyalty Programme Respondents Belong To

Respondents were asked in Question 11 to indicate how often they used the cosmetic retailer's loyalty programme they belonged to when making purchases at the cosmetic retailer's point of sale. According to the results in Table 5.17, more than a third (40.26%, n = 122) of respondents used the cosmetic retailer's loyalty programme at least once a

month while a small percentage (8.25%, $n = 25$) of respondents used the cosmetic retailer's loyalty programme less than three times per year.

Table 5.17: Frequency of Use of Cosmetic Retailer's Loyalty Programme

Frequency of Use	Frequency (n)	Percentage %
Weekly	48	15.84
Once a month	122	40.26
Twice a month	59	19.47
Every 2–3 months	49	16.17
Less than 3 times per year	25	8.25
Total	303	100.00

Source: Question 11

It can be concluded from the results in Table 5.17 that more than two thirds (75.58%, $n = 229$) of respondents used the cosmetic retailer's loyalty programme they belonged to at least once a month.

Section 5.3.8 focusses on the factors that affect consumers' perceptions of the cosmetic retailer's loyalty programmes they used the most.

5.3.8 Factors Affecting Consumer Perception of Cosmetic Retailer's Loyalty Programmes Respondents Used the Most

To determine which factors most affect consumers' perception of cosmetic retailers' loyalty programmes, respondents were asked in Question 12 to rate their level of agreement or disagreement with twelve statements on a five-point Likert scale regarding their perceptions of cosmetic retailer-specific loyalty programmes. The results for Question 12 are presented in Table 5.18 below.

Table 5.18: Factors Affecting Consumer Perception of Cosmetic Retailers' Loyalty Programmes

No	Statement	Frequency													
		Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Total %	Total n	SD	Mean score
		%	n	%	n	%	n	%	n	%	n				
1.	The loyalty programme is easy to use at the point of sale when making purchases.	51.16	155	38.28	116	7.59	23	2.64	8	0.33	1	100	303	.8380	1.642
2.	It is easy to keep track of accumulated loyalty programme benefits.	24.75	75	37.30	113	25.08	76	7.92	24	4.95	15	100	303	1.0715	2.301
3.	It is easy to keep track of loyalty programme promotions.	22.44	68	39.28	119	26.07	79	7.59	23	4.62	14	100	303	1.0485	2.331
4.	The loyalty programme offers members exclusive benefits.	22.11	67	38.95	118	22.44	68	11.55	35	4.95	15	100	303	1.0917	2.374

5.	The loyalty programme offers members good value for money promotions.	25.08	76	41.59	126	22.11	67	6.27	19	4.95	15	100	303	1.0540	2.248
6.	I receive regular communication in the form of magazines/emails/S MSs informing members of exclusive offers and promotions available only to loyalty programme members.	23.76	72	33.67	102	18.15	55	12.87	39	11.55	35	100	303	1.2948	2.553
7.	I receive regular communication in the form of magazines/emails/S MSs informing members of exclusive offers but I am not aware of promotions that are available only to loyalty programme members.	15.84	48	27.39	83	17.83	54	23.43	71	15.51	47	100	303	1.3259	2.947

8	Regular communication in the form of magazines/emails/vouchers motivates me to buy cosmetics from a particular cosmetic retailer.	19.14	58	33.34	101	22.11	67	17.16	52	8.25	25	100	303	1.2031	2.613
9.	Being a member of a cosmetic retailer's loyalty programme makes me feel privileged when compared to non-members.	16.83	51	27.39	83	29.38	89	15.51	47	10.89	33	100	303	1.2143	2.755
10.	The loyalty programme helps me save money by redeeming vouchers/points.	33.00	100	42.91	130	14.19	43	4.29	13	5.61	17	100	303	1.0732	2.066
11.	As a member of a cosmetic retailer's loyalty programme, I feel as if I am treated with respect every	19.14	58	23.10	70	31.69	96	18.81	57	7.26	22	100	303	1.1815	2.725

	time I make a purchase.														
12.	As a member of the cosmetic retailer's loyalty programme, I feel as if I share a close relationship with the cosmetic retailer.	16.50	50	25.08	76	25.42	77	24.09	73	8.91	27	100	303	1.2168	2.844

Source: Question 12

It is clear from Table 5.18 that the majority (89.44%, n = 271) of respondents strongly (51.16%, n = 155) agreed and more than a third (38.28%, n = 116) agreed that the cosmetic retailer's loyalty programme was easy to use when making purchases. A minority (2.97%, n = 9) of respondents disagreed (2.64%, n = 8) and strongly disagreed (0.33%, n = 1) that the cosmetic retailer's loyalty programme was easy to use. A small percentage (7.59%, n = 23) of respondents neither agreed nor disagreed that the cosmetic retailer's loyalty programme was easy to use.

It is clear from Table 5.18 that the statement respondents felt most strongly about on a five-point Likert scale, where 1 = strongly agree and 5 = strongly agree, was "The loyalty programme is easy to use at the point of sale" with an average score of 1.642 out of 5 (m = 1.642, SD = 0.8380). The mean score is representative of the majority (89.44%, n = 271) of respondents who strongly agreed or agreed that the cosmetic retailers' loyalty programmes were easy to use at point of sale.

The results in Table 5.18 indicate that more than two-thirds (75.91%, n = 230) of respondents strongly agreed (33.00%, n = 100) or agreed (42.91%, n = 130), while a minority (9.90%, n = 30) of respondents disagreed (4.29%, n = 13) or strongly disagreed (5.61%, n = 17) that the redemption of vouchers affected perceptions of the cosmetic retailers' loyalty programme. A small percentage (14.19%, n = 43) of respondents neither agreed nor disagreed with this statement.

According to Table 5.18, less than a fifth (19.14%, n = 58) of respondents strongly agreed, while more than a third (33.34%, n = 101) agreed that regular communication between the cosmetic retailer and its loyalty programme members through emails, SMSs or magazines motivated them to purchase cosmetics from a specific cosmetic retailer. It is clear from Table 5.18 that less than a fifth (17.16%, n = 52) of respondents disagreed or strongly disagreed (8.25%, n = 25) that regular communication between the cosmetic retailer and its loyalty programme members through emails, SMSs or magazines, motivated them to purchase cosmetics from a specific cosmetic retailer. Less than a quarter (22.11%, n = 67) of respondents neither agreed nor disagreed with the same statement.

It can be concluded from the results in Table 5.18 that the three most important factors affecting consumers' perceptions of cosmetic retailers' loyalty programmes are:

- 1) How easy the loyalty programme is to use at the cosmetic retailer's point of sale;
- 2) The redemption of points or vouchers; and
- 3) Good value for money promotions.

5.3.9 Respondents' Level of Satisfaction or Dissatisfaction with the Cosmetic Retailers' Loyalty Programmes

Respondents were asked in Question 13 to rate their level of satisfaction or dissatisfaction with the cosmetic retailers' loyalty programmes on a five-point Likert scale ranging from very satisfied to very dissatisfied. More than half (52.81%, n = 160) of the respondents were satisfied, while more than a quarter (26.73%, n = 81) of respondents were very satisfied with the cosmetic retailer's loyalty programme. The minority (7.92%, n = 24) of respondents indicated that they were dissatisfied and very dissatisfied with the cosmetic retailer's loyalty programme.

Table 5.19: Level of Satisfaction or Dissatisfaction with the Cosmetic Retailer's Loyalty Programme

Likert Scale	Frequency (n)	Percentage %
Very satisfied	81	26.73
Satisfied	160	52.81
Neutral	38	12.54
Dissatisfied	12	3.96
Very dissatisfied	12	3.96
Total	303	100.00

Source: Question 13

Respondents who were very dissatisfied or dissatisfied with the cosmetic retailer's loyalty programme were then required to proceed to Question 14 to select from a given list the reason for their dissatisfaction. Respondents who were very satisfied, satisfied or indifferent to the cosmetic retailer's loyalty programme were required to proceed to Question 15 to select reasons for their satisfaction with the cosmetic retailer's loyalty programme they were members off. All respondents were also allowed the **option** of providing **one** additional reason for their satisfaction or dissatisfaction with the cosmetic retailer's loyalty programme they belonged to.

5.3.10 Reasons for Dissatisfaction with the Cosmetic Retailer's Loyalty Programme Respondents Were Members of

Respondents who selected dissatisfied or very dissatisfied in Question 13 were asked to proceed to Question 14 in order to determine their reasons for being dissatisfied with the cosmetic retailer's loyalty programme they belonged to. A small number (7.92%, n = 24) of cosmetic retailer's loyalty programme members were dissatisfied or very dissatisfied with the cosmetic retailer's loyalty programme. The results for Question 14 are presented in Table 5.20.

Table 5.20: Reasons for Dissatisfaction with the Cosmetic Retailer's Loyalty Programme

No	STATEMENT	FREQUENCY (%)													
		Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total %	Total n	SD	Mean Score
		%	n	%	n	%	n	%	n	%	n				
1	The cash back vouchers/discounts are not relevant to the cosmetic products I use.	16.67	4	25.00	6	29.16	7	12.50	3	16.67	4	100	24	1.3290	2.875
2	The promotions do not interest me.	8.34	2	20.83	5	41.67	10	12.50	3	16.67	4	100	24	1.1765	3.083
3	The rewards are not sufficient compared to the amount of purchases I make.	37.50	9	33.33	8	0.00	0	8.34	2	20.83	5	100	24	1.5857	2.417
4	I do not receive superior service even though I am a member of the	37.50	9	25.00	6	20.83	5	0	0	16.67	4	100	24	1.4346	2.333

	cosmetic retailer's loyalty programme.														
5	I do not understand how rewards or points are earned and accumulated.	20.83	5	25.00	6	12.50	3	4.17	1	37.50	9	100	24	1.4346	3.125
6	It is not easy to redeem vouchers/points.	16.67	4	16.67	4	33.33	8	4.17	1	29.17	7	100	24	1.6501	3.125
7	Affiliate programmes such as eBucks are excluded from the cosmetic retailer's loyalty programme.	16.67	4	16.67	4	33.33	8	16.67	4	16.67	4	100	24	1.4540	3.000

Source: Question 14

It is clear from Table 5.20 that the majority (70.83%, n = 17) of respondents strongly agreed or agreed whereas a minority (29.17%, n = 7) of respondents disagreed or strongly disagreed that the rewards were insufficient.

5.3.11 Reasons for Consumer Satisfaction with Cosmetic Retailer's Loyalty Programmes

It is clear from the results in Table 5.20 that the majority (92.08%, n = 279) of respondents were very satisfied, satisfied or neutral as members of the cosmetic retailer's loyalty programme and were required to proceed to Question 15 from Question 13. In order to determine the reasons for satisfaction with the cosmetic retailer's loyalty programme, respondents were asked to rate their level of agreement or disagreement with six statements on a five-point Likert scale ranging from strongly agree to strongly disagree. The results are presented in Table 5.21.

It is clear from the results in Table 5.21 that less than half (43.01%, n = 120) of respondents were satisfied and more than a third (39.43%, n = 110) were very satisfied with the regular cash discounts they received. Only a small percentage (2.87%, n = 8) of respondents were dissatisfied (2.51%, n = 7) or very dissatisfied (0.36%, n = 1) with the regular cash discounts received. Less than a fifth (14.69%, n = 41) of respondents were neither satisfied nor dissatisfied with the regular cash discounts.

According to Table 5.21, less than half (46.23%, n = 129) of the respondents were satisfied and less than a third (32.26%, n = 90) of respondents were very satisfied with the value for money offers they received, while a minority (5.74%, n = 16) were dissatisfied (5.02%, n = 14) and very dissatisfied (0.72%, n = 2). Only 15.77% (n = 44) of respondents were neither satisfied nor dissatisfied with the value for money offers. It is also clear from Table 5.21 that less than half (40.14%, n = 112) of the respondents were satisfied and less than a third (30.11%, n = 84) were very satisfied with the regular discount vouchers they received, while a small percentage (9.68%, n = 27) were dissatisfied (7.17%, n = 20) and very dissatisfied (2.51%, n = 7) with the regular discount vouchers received. According to Table 5.21, more than a fifth of respondents (n = 56) were neither satisfied nor dissatisfied with the regular discount vouchers received.

The results in Table 5.21 indicate that more than a quarter (30.82%, n=86) of respondents were very satisfied and more than a third (34.77%, n=97) of respondents were satisfied with the accumulation of rewards through affiliate programmes, and a small percentage (12.19%, n=34) were dissatisfied (7.17%, n=20) and very dissatisfied (5.02%, n=14) with the accumulation of rewards through affiliate programmes. According to the results in Table 5.21 more than a fifth of respondents (22.22%, n=62) were neither satisfied nor dissatisfied with the with the accumulation of rewards through affiliate programmes.

According to the results in Table 5.21, more than a quarter (30.82%, n=86) of respondents were satisfied and more than a third (33.70%, n=94) of respondents were very satisfied with the exclusive offers for loyalty programme members, and a small percentage (8.6%, n=24) were dissatisfied (4.66%, n=13) and very dissatisfied (3.94%, n=11) with the exclusive offers for loyalty programme members. The results in Table 5.21 indicate that a quarter (26.88%, n=75) of respondents were neither satisfied nor dissatisfied with the exclusive offers for loyalty programme members.

It is clear from Table 5.21 that the statement the respondents felt most strongly about on a five-point Likert scale (where 1 = strongly agree and 5 = strongly disagree) was “Regular cash discounts” ($m = 1.778$, $SD = 0.8140$). The mean score is representative of the majority (82.44%, $n = 230$) of respondents who strongly agreed or agreed that they were satisfied with the regular cash discounts they received as loyalty programme members.

It can be concluded from the results in Table 5.21 that consumers were mostly satisfied with the regular cash discounts, value for money offers and regular discount vouchers they received for being members of the cosmetic retailer’s loyalty programme.

Table 5.21: Reasons for Consumer Satisfaction with Cosmetic Retailer's Loyalty Programmes

No	STATEMENT	FREQUENCY													
		Very Satisfied		Satisfied		Neutral		Dissatisfied		Very Dissatisfied		Total %	Total n	SD	Mean
		%	n	%	n	%	n	%	n	%	n				
1	Regular cash discounts	43.01	120	39.43	110	14.69	41	2.51	7	0.36	1	100	279	.8140	1.778
2	Value for money offers	32.26	90	46.23	129	15.77	44	5.02	14	0.72	2	100	279	.8639	1.957
3	Exclusive offers for loyalty programme members	30.82	86	33.70	94	26.88	75	4.66	13	3.94	11	100	279	1.0453	2.172
4	Competitions	23.30	65	29.75	83	35.48	99	6.45	18	5.02	14	100	279	1.0679	2.401
5	Regular discount vouchers	30.11	84	40.14	112	20.07	56	7.17	20	2.51	7	100	279	1.0020	2.118
6	Accumulation of rewards through affiliate programmes	30.82	86	34.77	97	22.22	62	7.17	20	5.02	14	100	279	1.1091	2.208

Source: Question 15

5.3.12 Other Factors Influencing Consumers' Satisfaction With Cosmetic Retailers' Loyalty Programmes

Respondents were allowed an option in Question 15 to also provide one additional reason for their level of satisfaction with the cosmetic retailer's loyalty programme. A total of eight respondents answered this question. The results show that one out of four (25%, $n = 2$) respondents indicated that they were most satisfied with the service and courteous staff (25%, $n = 2$) when they purchased cosmetics using the cosmetic retailer's loyalty programme.

Table 5.22: Other Reasons for Respondents' Satisfaction with Cosmetic Retailer's Loyalty Programme

Other Criteria	Frequency (n)	Percentage
Wide product range	1	12.50
Improved service	2	25.00
Exceptional service	1	12.50
Baby club	1	12.50
Courteous staff	2	25.00
Friendly staff	1	12.50
Total	8	100

Source: Question 15

5.3.13 Factors that Influence Consumers' Purchasing Decisions When Purchasing Cosmetics from Cosmetic Retailers

To establish which factors affected respondents' decisions to purchase cosmetic products, respondents were asked in Question 16 to rank price, brand name, loyalty programme, quality and shopping convenience in order of importance – with 1 being the most important and 5 being the least important. Only the results that respondents ranked as the most important (1) will be discussed. The results are presented in Table 5.23 below.

Table 5.23: Factors that Influence Consumers' Purchasing Decisions

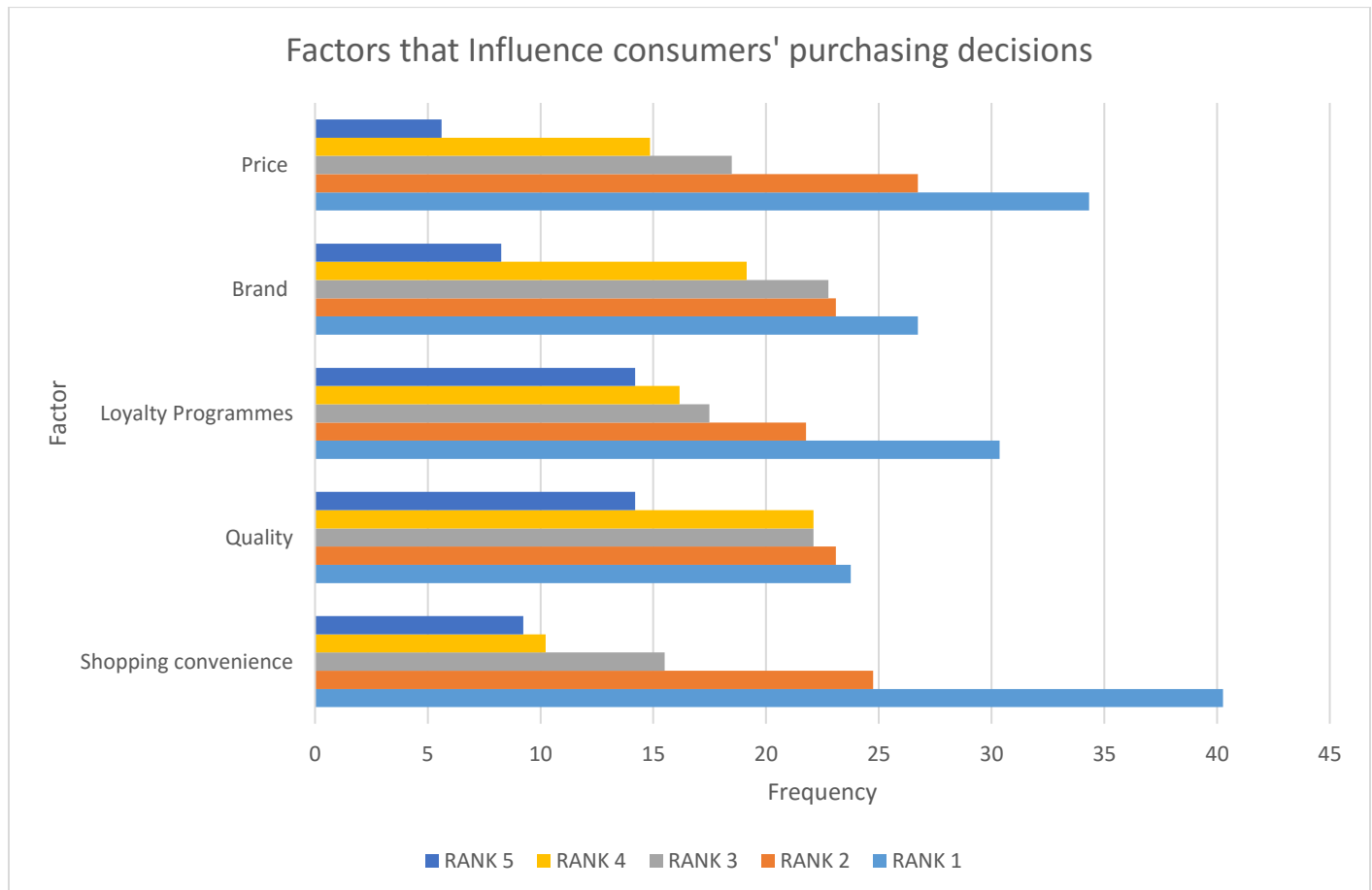
FACTOR	FREQUENCY										Total %	Total n
	Rank 1		Rank 2		Rank 3		Rank 4		Rank 5			
	%	n	%	n	%	n	%	n	%	n		
Price	40.26	122	24.76	75	15.51	47	10.23	31	9.24	28	100	303
Shopping Convenience	34.32	104	26.74	81	18.48	56	14.85	45	5.61	17	100	303
Loyalty Programme	30.37	92	21.78	66	17.49	53	16.17	49	14.19	43	100	303
Quality	26.73	81	23.11	70	22.77	69	19.14	58	8.25	25	100	303
Brand Name	23.76	72	23.11	70	22.11	67	16.83	51	14.19	43	100	303

Source: Question 16

It is clear from the results in Table 5.23 that less than half (40.26%, n = 122) of respondents ranked price as the most important factor influencing their purchasing decisions, while more than a third (34.32%, n = 104) of respondents ranked shopping convenience as the factor influencing their purchasing decisions. It is also clear from the results in Table 5.23 that less than a third (30.37%, n = 92) of respondents ranked loyalty programmes as the most important factor influencing purchasing decisions and more than a quarter (26.73%, n = 81) ranked quality as the most important factor influencing purchasing decisions. Less than a quarter of respondents (23.76%, n = 72) ranked brand names as a factor that influenced their purchasing decisions.

Figure 5.1 below provides a visual presentation of Table 5.23.

Figure 5.1: Factors influencing consumers' purchasing decisions



Source: Question 16

Section 5.3.14 focusses on whether the respondents were willing to recommend the cosmetic retailers' loyalty programmes that they used the most to others.

5.3.14 Recommending the Cosmetic Retailer's Loyalty Programme to Others

Respondents were asked in Question 17 to rate how likely or unlikely they were to recommend the cosmetic retailer's loyalty programme they used to others using a five-point Likert scale ranging from very likely to very unlikely. It is clear from the results shown

in Table 5.24 that the majority (77.56%, n = 235) of respondents were very likely and likely to recommend cosmetic retailers' loyalty programmes to others. Only a small percentage (10.56%, n = 32) of respondents indicated that they were somewhat unlikely and very unlikely to recommend cosmetic retailers' loyalty programmes to others. A minority (11.88%, n = 36) of respondents were neither likely nor unlikely to recommend the cosmetic retailers' loyalty programme to others.

Table 5.24: Recommending the Cosmetic Retailer's Loyalty Programme to Others

Likert Scale	Frequency (n)	Percentage
Very likely	137	45.21
Likely	98	32.35
Neutral	36	11.88
Somewhat unlikely	21	6.93
Very unlikely	11	3.63
Total	303	100.00

Source: Question 17

5.3.15 Suggestions to Improve Cosmetic Retailers' Loyalty Programmes

Respondents were asked in Question 18 to rate their level of agreement or disagreement with four statements on how cosmetic retailers could improve their loyalty programmes on a five-point Likert scale ranging from strongly agree to strongly disagree. The results for Question 18 are presented in Table 5.25.

Table 5.25: Suggestions to Improve Cosmetic Retailers' Loyalty Programmes

No	Option	Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Total %	Total n	SD	Mean
		%	n	%	n	%	n	%	n	%	n				
1.	Cosmetic retailers can become more affiliated to other loyalty programmes such as eBucks.	55.78	169	28.71	87	11.22	34	1.65	5	2.64	8	100	303	.9302	1.667
2.	Cosmetic retailers can partner with other retailers to allow members to accumulate rewards faster. E.g., Clicks currently offers an affiliate programme with Sorbet.	49.51	150	37.95	115	7.92	24	2.97	9	1.65	5	100	303	.8659	1.693
3.	Cosmetic retailers should offer members more vouchers and discounts.	53.80	163	30.36	92	10.89	33	2.97	9	1.98	6	100	303	.9222	1.690
4.	Cosmetic retailers should increase the number of points/rewards members can earn with each purchase.	58.42	177	28.71	87	6.60	20	5.61	17	0.66	2	100	303	.8874	1.614

Source: Question 18

According to Table 5.25, the majority (84.21%, $n = 256$) of respondents strongly agreed (55.59%, $n = 169$), and less than a third (28.62%, $n = 87$) of respondents agreed, that cosmetic retailers could add more affiliations to the current loyalty programmes such as eBucks, while a minority (4.28%, $n = 13$) of respondents strongly disagreed (2.63%, $n = 8$) or disagreed (1.65%, $n = 5$) with the same statement. A small percentage (11.18%, $n = 34$) of respondents were indifferent to the cosmetic retailers' loyalty programme affiliations with other rewards programmes.

It is also clear from Table 5.25 that the majority (87.17%, $n = 265$) of respondents strongly agreed (58.55%, $n = 178$) or agreed (28.62%, $n = 87$) that cosmetic retailers should increase the number of points or rewards earned with each purchase, whereas a small percentage (6.25%, $n = 19$) disagreed (5.59%, $n = 17$) or strongly disagreed (0.66%, $n = 2$) with the same statement. A small percentage (6.58%, $n = 20$) of respondents neither agreed nor disagreed that cosmetic retailers should increase the rewards loyalty programme members earned.

It is clear from Table 5.25 that the statement that the respondents felt most strongly about on a five-point Likert scale, where 1 = strongly agree and 5 = strongly disagree, was "Cosmetic retailers should increase the number of points/rewards members can earn with each purchase" ($m = 1.614$, $SD = 0.8874$). The mean score is representative of the majority (84.21%, $n = 256$) of respondents who strongly agreed or agreed that cosmetic retailers should increase the rewards members earned with each purchase.

Respondents were also given an option in Question 18 to suggest how cosmetic retailers could improve their loyalty programmes. The results, as shown in Table 5.26, indicate that consumers suggested that cosmetic retailers should offer loyalty programme members birthday vouchers (15.79%, $n = 3$), birthday gifts (10.53%, $n = 2$) and ensure staff were knowledgeable (10.53%, $n = 2$) about the cosmetic retailer's loyalty programme.

Table 5.26: Respondents' Suggestions to Improve Cosmetic Retailers' Loyalty Programmes

Suggestions	Frequency (n)	Percentage %
Birthday gifts	2	10.53
Gifts when a member move up a tier e.g. from ordinary to gold status (Clicks ClubCard)	2	10.53
Frequent gifts/vouchers	2	10.53
Include loyalty programmes in regular advertisements	1	5.26
Better service specifically regarding loyalty programme	1	5.26
Birthday vouchers	3	15.80
Improve customer service regarding queries related to loyalty programmes	1	5.26
Free gifts for regular purchases using loyalty card	1	5.26
Improve staff's knowledge related to loyalty programmes	2	10.53
Some promotions are irrelevant to loyalty programme members	1	5.26
Loyalty programmes that are user-friendly at point of sale	1	5.26
Improve communication between retailers and loyalty programme members	1	5.26
Exclusive promotions for loyalty programme members	1	5.26
Total	19	100

Source: Question 18

5.20 Summary

The findings and interpretations of the results obtained from the research study were presented in this chapter. The research objectives and questions were briefly discussed. The discussion of the data commenced with a descriptive analysis of the frequency results to determine which factors affected consumers' perceptions of loyalty programmes offered by cosmetic retailers on the KwaZulu-Natal North Coast. The results were discussed using relevant tables and graphs.

The demographic profile of the respondents who participated in the research study comprised mostly females (79.21%, $n = 240$) who were between the ages of 18–64. Of all the respondents who participated in the research study, 88.33% ($n = 318$) indicated that they were members of loyalty programmes offered by cosmetic retailers, with 95% ($n = 303$) indicating that they belonged to a cosmetic retailer's loyalty programme. The majority of respondents had been members for more than three years (58%, $n = 181$) and indicated they used the loyalty programme at least once a month (56%, $n = 170$).

The research conclusions, as well as the limitations of the study, will be discussed in Chapter 6. The outcome of the research objectives, formulated in Chapter 1, will also be discussed.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The purpose of this research study, as discussed in Chapter 1, Section 1.6, was to determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the North Coast of KwaZulu-Natal. The empirical results and specific findings were presented in Chapter 5. Chapter 6 commences with the research objectives, which is followed by conclusions from the literature investigation and overview of the empirical findings. The conclusions in respect of each research objective are discussed, followed by recommendations and the contribution of the study towards the South African cosmetic retail industry. Chapter 6 concludes with the limitations of the study and a summary of the findings.

6.2 OVERVIEW OF THE RESEARCH OBJECTIVES

The primary objective of the study was to determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast.

The secondary objectives of this study were to determine:

- consumers' awareness of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' opinions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- consumers' attitudes towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast
- future areas of research into loyalty programmes

The conclusions drawn from the theory are discussed in the section that follows.

6.3 CONCLUSIONS OF THE LITERATURE INVESTIGATION

The importance of consumer loyalty was discussed in Chapter 2. Consumer loyalty first rose to prominence when Copeland coined the term “brand insistence” in a 1923 research study that discussed the number of times consumers purchased a specific product or brand (Maheshwari, Lodorfos & Jacobsen, 2014:13). Copeland’s study resulted in more research that defined consumer loyalty as repeat purchase behaviour of specific products (Maheshwari, Lodorfos & Jacobsen, 2014:13).

Retailers consequently realised that financial success to a large extent depended on encouraging existing consumers to repeatedly purchase products from specific retailers (Anik and Putri, 2014:03). According to Fuhr (2014:144), this could be attributed to three main reasons, which are as follows:

1. Loyal consumers are more profitable than disloyal consumers and spend at least 20% more on purchases;
2. Retailers acknowledged that establishing long-term relationships with loyal consumers created a competitive advantage since loyal consumers continually purchase products from specific retailers; and
3. Loyal consumers promote the retailer.

The existing literature on consumer loyalty, as discussed in Chapter 2, focus on the importance of consumer loyalty to organisations and the struggle to create loyalty amongst an existing consumer base, and not on consumers’ perceptions of loyalty programmes. The purpose of this study – to explore consumers’ perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast – stemmed from a lack of research regarding consumers’ perceptions of loyalty programmes, specifically offered by cosmetic retailers. Academic articles available on databases such as *Oxford Journal* and *Journal of*

the Academy Marketing Science provide literature on loyalty programmes used as a consumer retention marketing tool but, however, do not study consumers' perceptions of loyalty programmes offered by cosmetic retailers (see 1.7).

In this study, perception refers to how consumers think and feel about a retailer, product or brand (Matthews, 2015:1-6). By identifying and understanding factors that influence consumers' purchasing decisions (such as perception), retailers are able to formulate efficient marketing strategies to attract more consumers, and thereby increase profits (see 3.8).

In marketing, perceptions are more important than reality since they have a direct impact on consumers' purchasing decisions (Nguyen and Gizaw 2014:11-12). Perception is fundamental to the success of any retailer because it indicates whether a consumer is satisfied or dissatisfied with a particular retailer and if the consumer will choose to be loyal or disloyal to a retailer (Machado and Diggines, 2012:147).

In South Africa, cosmetic retailers are classified under retailers in pharmaceutical and medical goods, cosmetics and toiletries (Stats SA (p6242.1), 2012:10). According to research statistics provided by Euromonitor International (2017:07), the three largest retailers of cosmetic products in South Africa are Clicks, Dis-Chem and Edcon Holdings (see 5.3.1.2). The market share commanded by the current cosmetic retailers in South Africa is shown in the table below.

Table 6.1 Market Share of Cosmetic Retailers in South Africa

Retailer	Market Share (%)
Clicks	31.4
Dis-Chem	3.7
Edcon Holdings Ltd	1.2
Other	61.7
Total	100

Source: Euromonitor International

According to the results in Table 6.1, Clicks is the leading cosmetic retailer in South Africa and currently commands approximately 31.4% of the local cosmetic industry (Euromonitor International, 2017:01). Dis-Chem presently commands 3.7% of the market share, while Edcon Holdings (Red Square) commands 1.2%. According to sale forecasts from Euromonitor International (2017:01), health and beauty retailers such as Clicks and Dis-Chem are expected to continue to dominate the sales of cosmetic products. Clicks Group Ltd. has an extensive network of retail outlets and also represents the international beauty brand, The Body Shop, in South Africa. Dis-Chem, which is presently ranked second in the sales of cosmetic products, has expanded its store footprint in South Africa and also fulfils consumers' needs and demands for private label, lower-priced cosmetic products (Euromonitor International, 2017:07).

Cosmetic retailers located in Durban and on the KwaZulu-Natal North Coast were selected as the focus of this study. The reason for this is that the retail industry in KwaZulu-Natal is continually growing due to the expansion of the Dube Tradeport (on the KwaZulu-Natal North Coast), which contributes to economic and infrastructure development in the province (Seef, 2017:01) (see section 1.3).

6.4 OVERVIEW OF THE RESEARCH FINDINGS

The primary objective of the study (as indicated in Chapter 1) was to determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast. The primary and secondary objectives of the study were achieved by conducting frequency analysis on the responses to a structured questionnaire. The findings from the secondary objectives, which were derived from the primary objectives (discussed in Chapter 5), are briefly highlighted next. The discussion of the findings commences with the demographic profile of the respondents.

6.4.1 Demographic Profile of Respondents

A discussion of the research findings (Chapter 5) commenced with an outline of the respondents' demographic profiles, respondents' awareness of loyalty programmes, respondents' attitudes and perceptions towards and opinions of the cosmetic loyalty programmes they belonged to. The key deductions from the statistical results are highlighted in this section.

A total of 360 respondents participated in the study and all were aware of loyalty programmes in general. However, the research findings indicate that the majority of respondents (218) were aware of cosmetic retailers' loyalty programmes and 303 respondents actually belonged to one or more cosmetic retailers' loyalty programme. Only respondents (n = 303) who belonged to cosmetic retailers' loyalty programmes were allowed to complete the survey and therefore formed the basis of this study.

Of the 303 respondents who completed the study, 79% (n = 240) were female and 21% were male (n = 63). The results also indicated that 28% (n = 84) of respondents were between the ages of 18 and 24, while 31% (n = 95) were between the ages of 25 and 34. The research findings therefore predominantly reflect the perceptions of women under the age of 34. The next section provides an overview of the secondary research objectives.

6.5 SECONDARY OBJECTIVES

The primary objective of the study was to determine consumers' perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast in order to inform cosmetic retailers about these perceptions. Four secondary objectives were formulated in order to achieve the primary research objective and each secondary objective is discussed separately in the sections that follow.

Secondary Objective 1: Respondents' Awareness of Loyalty Programmes Offered by Cosmetic Retailers in Durban and on The KwaZulu-Natal North Coast

The research findings indicated that the majority of respondents (n = 303) were aware of and were members of the main cosmetic retailers' (Clicks, Dis-Chem and Red Square) loyalty programmes (see 5.3.3). According to the results, 59.73% (n = 181) of respondents had been members of a cosmetic retailer's loyalty programme for more than three years, and 75.58% (n = 229) of respondents used the cosmetic retailer's loyalty programme at least once a month.

Conclusion Regarding Research Objective 1: Respondents' Awareness of Loyalty Programmes Offered by Cosmetic Retailers in Durban And on The KwaZulu-Natal North Coast

From this result it was clear that all respondents were aware of loyalty programmes, while the majority of respondents were aware of cosmetic retailers' loyalty programmes and were members of these programmes. More than half of the respondents had been members of loyalty programmes for more than three years, while the majority used the loyalty programmes to make purchases at least once a month. The implication for retailers who do not offer loyalty programmes is that they should consider introducing loyalty programmes to build a loyal consumer base.

Secondary Objective 2: Consumers' Opinions of Loyalty Programmes Offered by Cosmetic Retailers in Durban and on the KwaZulu-Natal North Coast

The results indicated that 66.67% (n = 202) of respondents were of the opinion that loyalty programmes offered members good value for money promotions and 61.06% (n = 185) of respondents thought that loyalty programmes offered members exclusive benefits. The reason for the latter results could be because loyalty programme promotions, discounts and benefits apply to specific products which all consumers do not necessarily purchase.

According to the research findings, 62.05% (n = 188) of respondents were of the opinion that it was easy to keep track of loyalty programme benefits, while 57.43% (n = 174) thought that members received regular communication from retailers informing them of exclusive offers and promotions available only to loyalty programme members.

Respondents were required to rank five factors that influenced purchasing decisions when purchasing cosmetics. The results of the research study indicated that only 30.37% (n = 92) of respondents ranked loyalty programmes as the third most important factor influencing purchasing decisions. Respondents ranked price (40.26%, n = 122) and shopping convenience (34.32%, n = 104) as the most important factors influencing purchasing decisions.

Conclusion Regarding Secondary Objective 2: Consumers' Opinions of Loyalty Programmes Offered by Cosmetic Retailers in Durban and on the KwaZulu-Natal North Coast

An important finding is that respondents ranked price and shopping convenience, followed by loyalty programmes, as the most important factors influencing purchasing decisions. Retailers should therefore use loyalty programmes to offer members competitively priced products to ensure that members can associate loyalty programmes with lower-priced products.

Secondary Objective 3: Consumers' Perceptions of Loyalty Programmes Offered by Cosmetic Retailers in Durban and on the KwaZulu-Natal North Coast

The research findings indicated that 89.44% (n = 271) of respondents perceived loyalty programmes as easy to use at the point of sale when making purchases. The results also indicated that 75.91% (n = 230) of respondents thought that loyalty programmes helped consumers save money through the redemption of vouchers or points.

The research results also indicated that 52.45% (n = 159) of respondents were of the opinion that regular communication from retailers motivated loyalty programme members to make purchases. Additional research should be conducted to investigate the way in which members perceive the various types of communication retailers use to inform them of exclusive promotions and offers.

Conclusion Regarding Secondary Objective 3: Consumers' Perceptions of Loyalty Programmes Offered by Cosmetic Retailers in Durban and on the KwaZulu-Natal North Coast

It can be concluded from the findings that respondents perceive loyalty programmes as being difficult to track, but that they are easy to use at the point of sale. This implies that retailers need to ensure that loyalty programmes remain easy to use and uncomplicated. The majority of respondents furthermore perceived loyalty programmes to be helpful in saving money on purchases. Retailers should therefore take care to ensure that consumers are reminded of the discounts they receive through loyalty programmes.

Secondary Objective 4: Consumers' Attitudes Towards Loyalty Programmes

Attitudes comprise feelings, beliefs, emotions and behavioural intentions (Mpiganjira, 2013:127). Since attitudes can be object-specific, consumers may develop a positive or negative attitude towards a tangible product or an intangible service such as a loyalty programme (Allport in Mpiganjira, 2013:128-129).

According to the research findings, 90.43% (n = 274) of respondents believed that regular cash discounts was an important part of cosmetic retailers' loyalty programmes (see 5.3.6). The research findings further indicated that 86.47% (n = 262) of respondents considered regular discount vouchers to be important when joining loyalty programmes (see 5.3.6). The implication for retailers is that consumers expect to receive discounts while being members of loyalty programmes.

The research findings indicated that 79.54% (n = 241) of respondents were very satisfied and satisfied with the cosmetic retailers' loyalty programmes (see 5.3.11) and therefore had a positive attitude towards loyalty programmes. The research results further indicated that 77.56% (n = 235) of respondents had a positive attitude towards loyalty programmes in general and would recommend the loyalty programmes they belonged to to others (see 5.3.14). This indicates that loyalty programmes are very popular and offer opportunities to retailers to continue marketing loyalty programmes to consumers.

Conclusion Regarding Secondary Objective 4: Consumers' Attitudes Towards Loyalty Programmes

It can be concluded from the research results that respondents had a positive attitude towards cosmetic retailers' loyalty programmes and would recommend the loyalty programmes to others. The finding therefore indicates that current loyalty programmes satisfy the needs of members. The implication for retailers is that they should not make drastic changes to the loyalty programmes and encourage members to continue recommending their loyalty programmes to others. The findings also indicate that retailers should conduct research into how to increase the rewards members receive per purchase and to find ways to improve the in-store service for loyalty programme members to increase satisfaction. Retailers should conduct regular research to ensure that loyalty programmes are always positively perceived by its members.

Secondary Objective 5: Future Areas of Research into Loyalty Programmes Offered by Cosmetic Retailers

The research study found that 84.21% (n = 256) of respondents felt that cosmetic retailers could improve loyalty programmes by adding more affiliates to them, thereby increasing the rewards and benefits members earned (see 5.3.15). The research results indicated that 84.16% (n = 255) of respondents also felt that

cosmetic retailers should offer loyalty programme members more vouchers, discounts and benefits (see 5.3.15).

The results discussed in Chapter 5 indicated that only 42.24% (n = 128) of respondents felt that loyalty programme members were treated with respect when making purchases, while only 41.58% (n = 126) of respondents believed that loyalty programme members shared a close bond with the cosmetic retailer simply by being a member of the cosmetic retailers' loyalty programme (see 5.3.8).

Conclusion Regarding Secondary Objective 5: Future Areas of Research into Loyalty Programmes Offered by Cosmetic Retailers

Overall, the research results indicated that respondents felt cosmetic retailers could improve the rewards and benefits loyalty programme members received. An investigation should also be conducted into which affiliates members could use with the loyalty programme when making purchases in order to add more value to the loyalty programme. Retailers could conduct research into how to improve the relationship with loyalty programme members in order to build a closer bond with them. The results also indicated that respondents would like to feel more valued as loyalty programme members. It is suggested that retailers devise strategies to strengthen the relationship between members and cosmetic retailers.

A possible reason for respondents' largely negative reaction to feeling privileged as members of the cosmetic retailer's loyalty programme is that the only distinction between loyalty programme members and non-members is the benefits or vouchers members are entitled to (see 5.3.8).

From the conclusions drawn from the research regarding the secondary research objectives, it was clear that the primary research objective of the study was achieved by assessing consumers' awareness, opinions, attitudes and perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal North Coast, South Africa.

The next section provides recommendations for cosmetic retailers offering loyalty programmes.

6.6 RECOMMENDATIONS

Based on the findings presented in Chapter 5 and the conclusions drawn in Section 6.5, several recommendations can be made to cosmetic retailers in South Africa who either offer or plan to offer loyalty programme membership to consumers.

- The research findings indicated that 79.54% (n = 241) of respondents were members of cosmetic retailers' loyalty programmes (see 5.3.11) and had a positive attitude towards loyalty programmes. Cosmetic retailers can capitalise on this fact by acknowledging long-term members through regular communication and keeping long-term members satisfied by offering discounts on purchases over a certain amount. In this way, retailers can encourage members to spend money in order to redeem the discount coupon. In order to encourage consumers to purchase more, retailers must ensure that the type of rewards they offer are meaningful and valuable to customers. This can, for example, be value-added offers such as three-for-the-price-of-two promotions available only to loyalty programme members or being able to purchase new products a day before they are available to regular consumers. The rewards offered should also be easy to keep track of and easy to redeem at points of sale. For example, members should be able to monitor how many more points need to be earned in order to qualify for a voucher or a discount. Furthermore, cosmetic retailers can improve or maintain high standards of in-store service by ensuring that all staff are aware of how to redeem vouchers for members and what the benefits and promotions for loyalty card holders are. A positive in-store shopping experience can encourage members to spread positive word of mouth marketing messages and may result in members recommending the retailer to other potential consumers.
- As the number of male loyalty card holders in South Africa seems to be below the international world-wide trends, the male market segment can be specifically

targeted in order to increase the number of memberships to these loyalty programmes. This can be achieved by means of specific offerings to men based on their identified needs and wants. These offers can be linked to specific loyalty programme rewards and additional exclusive benefits when making purchases. Cosmetic retailers can, by means of their marketing drive, focus on convincing male consumers to purchase these promotional products and to join the loyalty programme. It stands to reason that the rewards associated with the programme must be of value to the market in order to be successful. One way of enticing male consumers is to offer a discount on the first purchase upon signing up for the retailers' loyalty programme. The rewards offered to male consumers should be personalised according to the specific needs of males. For example, value-added offers such as three-for-the-price-of-two promotions should also include male cosmetic products. Furthermore, retailers can improve or maintain high standards of in-store service by ensuring that all staff are aware of the product ranges available to male consumers as well as the promotions for male members. Retailers can also invite male members to a special preview of products available for purchase before the products are launched in-store.

- Cosmetic retailers should utilise the demographic data (age, location and gender) of consumers available to them to develop marketing campaigns aimed at specific target groups – depending on budget constraints (see 2.2.1). The research findings indicate that 25.09% (n = 76) of respondents were between the ages of 25 and 34 (see 5.3.1.5). Cosmetic retailers should therefore research the cosmetic product needs of this particular age group (such as skincare needs, which varies with age) in order to offer relevant products. The rewards offered could also be based on the needs of each age group. Women older than 45, for example, may prefer skin care products that eliminates fine lines and wrinkles, while women younger than 30 may prefer products that illuminates skin and erases scars. In this way, cosmetic retailers can utilise demographic data to personalise product offerings to consumers and cater to the needs of each age group, thereby providing consumers with a wider, yet personalised, product range. Retailers can also personalise their communication to members by using demographic data to determine which products would appeal to consumers specific age groups. This would also help personalise the consumer's shopping

experience since consumers would know in advance which products are available for purchase. A positive in-store shopping experience can encourage members to return and may result in members recommending the retailers to other potential members.

Since loyalty programmes are designed to record a consumer's purchasing history, retailers can use the data generated from loyalty programmes to also determine who their most loyal consumers are. This can be established by analysing the consumers' shopping frequency, the value of each purchase and the type of products consumers purchase. In order to personalise the shopping experience of its most valuable members, retailers can study the aforementioned data and offer these members access to new products before it is launched or access to promotional products before the official launch of the promotion. Retailers may also consider rewarding their most loyal members with gifts or special offers such as access to VIP memberships that are affiliated to outside loyalty programmes and which may offer privileges such as free gym membership.

- Respondents indicated price and shopping convenience followed by loyalty programmes as the key factors that influence purchasing decisions. Cosmetic retailers should utilise this information in their marketing drive and may offer loyalty programme members better priced products in the form of exclusive loyalty discounts or coupons (see 5.3.13). However, in order to capitalise on this information, retailers should offer competitive prices on products members use instead of on products that members do not purchase.
- Cosmetic retailers may consider adding more affiliates to their loyalty programmes to increase the value and appeal of loyalty programmes (see 5.3.15). According to the research results (see 5.3.15), 84.21% (n = 256) of respondents felt that cosmetic retailers could enhance the appeal of their loyalty programmes by adding more affiliates to the loyalty programmes to increase the rewards and benefits members earned, while 84.16% (n = 255) also felt that cosmetic retailers should offer loyalty programme members more vouchers,

discounts and benefits. It is clear from the results that respondents would like to receive more rewards and benefits for their loyalty and support. However, retailers should first determine which affiliates would best suit the needs of loyalty programme members. For example, if the majority of its members are account holders at First National Bank, the retailer should consider partnering with First National Bank to allow its members to earn eBucks on every purchase. By linking brand names and loyalty programmes that consumers are familiar with, retailers can encourage consumers to promote them via word of mouth.

- It is recommended that cosmetic retailers strengthen the relationship with their members by establishing communication channels through which members can voice their opinions and suggestions. The research results revealed that only 57.43% (n = 174) of respondents received regular communication from cosmetic retailers informing them about exclusive offers and promotions available only to loyalty programme members (see 5.3.8). Retailers should consider improving the method of communication used to engage with members and also regularly update contact details such as email addresses and phone numbers used to communicate with members. Regular communication with consumers can also enhance members' in-store shopping experience, especially if members are aware of the products and promotions available to them.
- Retailers should also choose the most appropriate platform to communicate with consumers. This can be achieved by studying demographic data as discussed above and selecting the most popular means of communication that each age group prefers. For example, younger members may prefer receiving communication such as marketing messages via social media platforms (such as Facebook or Instagram posts), while older members may prefer receiving these messages via traditional post or email. Retailers can encourage members to provide information such as discount voucher codes sent through one of these communication channels to monitor the success of communication channels.

- Further research will have to be conducted to obtain a broader perspective of consumers' perceptions of loyalty programmes offered by cosmetic retailers in South Africa. Retailers determine which factors shape consumers' perceptions of loyalty programmes.

6.7 CONTRIBUTION OF THE STUDY TOWARDS THE SOUTH AFRICAN COSMETIC RETAIL INDUSTRY

Based on the literature review conducted in Chapters 1, 2 and 3, it can be concluded that limited research on consumers' perceptions of loyalty programmes offered by cosmetic retailers has been conducted, especially from the consumers' viewpoint. The purpose of this research study was to delve deeper into cosmetic retailers' loyalty programmes in order to determine consumers' perceptions of loyalty programmes, as well as their attitudes towards and opinions of cosmetic retailers' loyalty programmes. The current research study will benefit cosmetic retailers in Durban and on the KwaZulu-Natal North Coast, as it provides an understanding of how consumers perceive cosmetic retailers' loyalty programmes and what effect this perception has on members' purchasing behaviour.

The study further revealed that members of loyalty programmes perceived loyalty rewards, cash discounts and discount vouchers as valuable aspects of the shopping experience. Findings from this study will also allow cosmetic retailers insight into which loyalty programme elements consumers were most satisfied with and which elements respondents felt cosmetic retailers could improve upon.

6.8 LIMITATIONS OF THE STUDY

Purposive sampling was used to draw the sample for this study, thus inhibiting the generalising of the findings to the entire population. The study was also limited to Durban and the KwaZulu-Natal North Coast, South Africa, only. Further research that includes more respondents from different provinces in South Africa will have to be conducted to obtain a holistic view of consumers' perceptions of cosmetic retailers' loyalty programmes.

6.9 SUMMARY

This chapter encompassed the findings from the research study as well as the research objectives to prove that the research objectives had been achieved. Recommendations to the cosmetic retail industry in South Africa, the contribution of the study to the retail industry and the limitations of the study were then discussed.

The findings of the current research study indicate that respondents were aware of loyalty programmes offered by cosmetic retailers and that respondents were also able to identify the purpose of loyalty programmes. The results furthermore indicated that respondents were satisfied with cosmetic retailers' loyalty programmes and would recommend the loyalty programme to others. It can therefore be concluded that, overall, consumers' perceptions of loyalty programmes offered by cosmetic retailers are positive.

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CONSENT FORM

**Consumer Perceptions of Loyalty Programmes Offered by Cosmetic
Retailers In Durban and on the KwaZulu Natal north coast.**

Sheritha Singh
Marketing and Retail Department
University of South Africa

I am a master's student in the Department of Marketing and Retail at the University of South Africa. As part of my Master's thesis, I am conducting research under the supervision of Prof MC Cant. I am inviting you to participate in my study. The purpose of the study is to explore customer's perceptions towards loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu Natal.

This study involves data collection by means of questionnaires. Questionnaires are often used to gather information relating to people's behaviour and to gauge people's opinions on certain issues. Should you agree to participate in the study, your responses to the questions will be recorded on the questionnaire by the main researcher. Your responses will provide valuable insight into loyalty programmes offered by cosmetic retailers. The results will be published in a Master's thesis.

This process could last up to fifteen minutes. **Your participation is completely voluntary. You may withdraw from this study at any time without penalty.** All information obtained in this study will be kept strictly **confidential**. No identifying information will be collected from participants, and all materials will *be stored securely* in the research department at Unisa. Data obtained from the study will be stored for a period of FIVE years. Data from the study will be provided to the cosmetic retail industry to help cosmetic retailers determine whether or not, they would like to offer loyalty programmes.

By ticking the check box, you are indicating that you fully understand the above information and agree to participate in this study.

I agree to participate in the study.

☐

If you have any questions about this study, please contact Sheritha Singh on 084 468 6335 or by email at sher.singhzn@gmail.com or Prof MC Cant on 012 997 1350 or by email at cantmc@unisa.ac.za. This research has been reviewed and approved by the University of South Africa's Research Ethics Board.

Thank you for participating in this study.

Question 1

Are you aware of loyalty programmes **in general**?

Yes	1
No	2

Question 2

Please only tick options that best describes your understanding of a consumer loyalty programme.

What is your understanding of the purpose of a consumer loyalty programme?

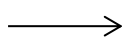
Retailers use loyalty programmes because . . .

Option	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
They want to reward consumers who purchase regularly.	1	2	3	4	5
They want to influence consumers to return to their stores to make more purchases.	1	2	3	4	5
They want to prevent consumers from shopping at competing retailers.	1	2	3	4	5
They believe that loyalty programmes help, maintain and enhance the relationships between consumers and retailers.	1	2	3	4	5
I do NOT understand what a loyalty programme is.	1	2	3	4	5

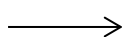
Question 3

Are you aware of any loyalty programmes that are being offered **by cosmetic retailers?**

YES	1
NO	2



If yes, please continue to question 4



If no, please exit the survey.

Question 4

Of which of the following cosmetic retailers are you aware of that offer loyalty programmes? You may select more than one option.

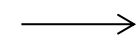
RETAILER	✓
Clicks (Clicks Club Card)	1
DisChem	2
Red Square (Edgars Thank U)	3
Body Shop (Clicks Club Card)	4
Sorbet	5
Cellu Beauty (now LaVita Spa) Cosmetic Shop	6
M.A.C. Cosmetics SA	7
Other	8

If other, please specify _____

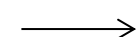
Question 5

Are you a member of a loyalty programme that is offered by a cosmetic retailer?

YES	1
NO	2



If yes, please continue to question 6



If no, please select the main reasons why

**If no, please select the main reason you do not belong to a loyalty programme.
Please select ONE option only.**

REASON	✓
I do not like carrying too many cards in my wallet / purse around.	1
I feel that the rewards that are offered are not substantial or relevant to me.	2
I believe that loyalty programmes are a marketing ploy retailers use to lure consumers into their stores.	3
The rewards accumulate at a slow pace.	4
I have never been offered membership to a loyalty programme.	5
Other	6

If other, please specify _____

Thank you for your feedback.

Please exit the survey.

Question 6

If you answered yes to question 5, of which of the following loyalty programmes are you a member of? **You may select more than one option.**

RETAILER	✓
Clicks (Clicks Club Card)	1
DisChem	2
Red Square (Edgars Thank U)	3
Body Shop (Clicks Club Card)	4
Sorbet	5
Cellu Beauty (now LaVita Spa) Cosmetic Shop	6
M.A.C. Cosmetics SA	7
Other	8

If other, please specify _____

Question 7

Which of the above-mentioned loyalty programmes, that you selected, offered by cosmetic retailers do you use the most? **Please select ONE option only.**

RETAILER	✓
Clicks (Clicks Club Card)	1
DisChem	2
Red Square (Edgars Thank U)	3
Body Shop (Clicks Club Card)	4
Sorbet	5
Cellu Beauty (now LaVita Spa) Cosmetic Shop	6
M.A.C. Cosmetics SA	7
None of the above	8
Other	9

If _____ other, _____ please _____ specify

Question 8

How long have you been a member of the loyalty programme that you selected in question 7?

TIME	✓
Less than 6 months	1
1 Year to less than 3 years	2
3 Years to less than 5 years	3
More than 5 years	4

Question 9

As a member of the loyalty programme offered by a cosmetic retailer (as selected in question 7), please indicate the main reason you joined the loyalty programme. Please select the option that best represents how you feel for **each** of the statements that are listed.

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
To obtain rewards / discounts	1	2	3	4	5
To receive superior service	1	2	3	4	5
To enter competitions reserved for consumer loyalty programme members	1	2	3	4	5
To receive unique offers / promotions available only to members of the consumer loyalty programme	1	2	3	4	5
I joined only because I was offered membership by the cosmetic retailer	1	2	3	4	5

Question 10

Which of the following factors are important to you when considering joining a loyalty programme? Please select the option that best represents how you feel for **each** of the statements that are listed.

CRITERIA	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Regular cash discounts	1	2	3	4	5
Value for money offers	1	2	3	4	5
Exclusive offers for loyalty programme members	1	2	3	4	5
Competitions	1	2	3	4	5
Regular discount vouchers	1	2	3	4	5
Accumulation of rewards thought affiliate programmes	1	2	3	4	5
Other	1	2	3	4	5

If other, please specify: _____

Question 11

How often do you use the cosmetic loyalty programme you are a member of?
(Please refer to your selection in question 7 when answering this question.)

FREQUENCY	✓
Weekly	1
Once a month	2
Twice a month	3
Every 2 – 3 months	4
Less than three times per year	5

Question 12

Please indicate your level of agreement or disagreement with each of the following statements related to the cosmetic loyalty programme you use the most. (Please refer to your selection made in Question 7 when making your selection).

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
The loyalty programme is easy to use at the point of sale when making purchases.	1	2	3	4	5
It is easy to keep track of accumulated loyalty programme benefits.	1	2	3	4	5
It is easy to keep track of loyalty programme promotions.	1	2	3	4	5
The loyalty programme offers members exclusive benefits.	1	2	3	4	5
The loyalty programme offers members good value for money promotions.	1	2	3	4	5
I receive regular communication in the form of magazines / emails / sms informing members of exclusive offers and promotions available only to loyalty programme members.	1	2	3	4	5

I receive regular communication in the form of magazines / emails / sms informing members of exclusive offers but I am not aware of promotions that are available only to loyalty programme members.	1	2	3	4	5
Regular communication in the form of magazines / emails / vouchers motivates me to buy cosmetics from a particular cosmetic retailer.	1	2	3	4	5
Being a member of a cosmetic retailer's loyalty programme makes me feel privileged when compared to non-members.	1	2	3	4	5
The loyalty programme helps me save money by redeeming vouchers / points.	1	2	3	4	5
As a member of a cosmetic retailer's loyalty programme I feel as if I am treated with respect every time I make a purchase.	1	2	3	4	5
As a member of the cosmetic retailer's loyalty programme I feel as if I share a close relationship with the cosmetic retailer.	1	2	3	4	5

Question 13

Overall, with reference to your selection in question 7, how satisfied or dissatisfied are you with the cosmetic retailer's loyalty programme you belong to? (Please select only one option).

Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied
1	2	3	4	5

If neutral, satisfied or very satisfied, go to question 14

If dissatisfied and very dissatisfied, go to question 13

Question 14

Please answer this question if you selected "dissatisfied," or "very dissatisfied" in question 13.

What are the main reasons for being dissatisfied or very dissatisfied with the cosmetic retailer's loyalty programme? Please select the option that best represents how you feel for **each** of the statements that are listed.

CRITERIA	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The cash back vouchers / discounts are not relevant to the cosmetic products I use.	1	2	3	4	5
The promotions do not interest me.	1	2	3	4	5
The rewards are not sufficient compared to the amount of purchases I make.	1	2	3	4	5
I do not receive superior service even though I am a member of the cosmetic retailer's loyalty programme.	1	2	3	4	5
I do not understand how rewards or points are earned and accumulated.	1	2	3	4	5
It is not easy to redeem vouchers/ points.	1	2	3	4	5
Affiliate programmes such as Ebucks are excluded from the cosmetic retailer's loyalty programme.	1	2	3	4	5

Question 15

Please answer this question only if selected very satisfied, satisfied or, neutral in question 13. Overall, how satisfied are you with the **benefits** offered by the loyalty programmes you belong to? (Please refer to your selection made in question 6 when answering this question.) Please select the option that best represents how you feel for **each** of the statements that are listed.

Option	Very Satisfied	Satisfied	Neutral	Dis-satisfied	Very Dissatisfied
Regular cash discounts	1	2	3	4	5
Value for money offers	1	2	3	4	5
Exclusive offers for loyalty programme members	1	2	3	4	5
Competitions	1	2	3	4	5
Regular discount vouchers	1	2	3	4	5
Accumulation of rewards through affiliate programmes	1	2	3	4	5
Other	1	2	3	4	5

If other, please specify:_____

Question 16

Please rank the following factors in order of importance, with one (1) being **THE MOST** important and five (5) being **THE LEAST IMPORTANT**, when making your decision to purchase cosmetic products.

FACTOR	RANK
Price	
Brand Name	
Loyalty Programme	
Quality	
Shopping Convenience	

Question 17

How likely are you to recommend the loyalty programmes you use to others?

Very Likely	Somewhat Likely	Neutral	Somewhat Unlikely	Very Unlikely
1	2	3	4	5

Question 18

In your opinion what do you think cosmetic retailers can do to improve their loyalty programmes? Please select the option that best represents how you feel for **each** of the statements that are listed.

Option	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Cosmetic retailers can become more affiliated to other loyalty programmes such as Ebucks.	1	2	3	4	5
Cosmetic retailers can partner with other retailers to allow members to accumulate rewards faster. E.g. Clicks currently offers an affiliate programme with Sorbet.	1	2	3	4	5
Cosmetic retailers should offer members more vouchers and discounts.	1	2	3	4	5
Cosmetic retailers should increase the number of points / rewards members can earn with each purchase.	1	2	3	4	5
Other	1	2	3	4	5

If other, please specify:

Question 19

How did you learn about the loyalty programme/s you belong to? Tick as many as applicable.

In-store signage advertising the loyalty programme	1
Television advert	2
Radio advert	3
Print advert	4
Social media post	5
Other	6

If other, please specify: _____

Question 20

Which gender group do you belong to?

MALE	1
FEMALE	2

Question 21

Which age group do you belong to?

18 – 24	1
25 – 34	2
35 – 44	3
45 – 54	4
55 – 64	5

Question 22

Which race group do you belong to?

Black	1
White	2
Coloured	3
Indian	4
Other	5

If other, please specify: _____

Thank you for your feedback. Should you require further information I may be contacted on 084 4 686 335.

Regards

Sheritha Singh
Main Researcher

Annexure B: Ethical Clearance Letter



DEPARTMENT OF MARKETING AND RETAIL MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE

3 November 2016

Dear Ms S Singh,

Ref #: 2016_MRM_006
Name of applicant (student/researcher): Ms S Singh
Student #: 37292935
Staff #: n/a

Name: Ms S Singh, sher.singhn@gmail.com, 0844686335

Supervisor: Prof MC Cant, cantmc@unisa.ac.za, 0124294166

Proposal: Consumer perceptions towards loyalty programmes offered by cosmetic retailers in KwaZulu Natal

Qualification: Degree output

Thank you for informing the Department of Marketing and Retail Management Research Ethics Review Committee regarding the change of organisations or institutions involved in the research study. The committee acknowledges and approves the use of Dolphin Coast Retailers.

For full approval: The application was reviewed in compliance with the Unisa Policy on Research Ethics by the Marketing and Retail Management Research Ethics Review Committee on 21 September 2016.

The proposed research may now commence with the proviso that:

- 1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
- 2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the Marketing and Retail Management Ethics Review Committee. An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the



Open Rubric

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study-related risks for the research participants.

- 3) *The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.*

Note:

The reference number 2016_MRM_006 should be clearly indicated on all forms of communication [e.g. Webmail, E-mail messages, letters] with the intended research participants, as well as with the Marketing and Retail Management Ethics Review Committee, RERC.

Kind regards,



Chairperson

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DOLPHIN COAST RETAILERS

Group of Spar Stores

P.O. BOX 2287, STANGER, 4450 (H/OFFICE: 032 - 437 3040) FAX: (032) 5525507

Ballito Spar

TEL: 032 - 9461536, 9461537

FAX: 032 - 9462965

Stanger Spar

TEL: 032 437 3000

FAX: 032 - 5512411

Wartburg Spar

TEL: 033-5033200

FAX: 033-5031005

Lifestyle Superspar

TEL: 032 9468800

FAX: 032 9462407

**125 Balcomb Street
Stanger
4450**

24 October 2016

**Miss S Singh
27 Gemini Street
Glenhills
Stanger 4450**

Dear Miss Singh

Re: Permission to Conduct Research Survey

You letter dated 24th October 2016 refers.

**Permission is hereby granted for you to conduct your survey on the 2nd
& 3rd of November 2016 from 10:00am until 15:00pm.**

We look forward to reading your paper once it is published.

Kind Regards,

**Mr U Govender
Manager**

Ballito Food Enterprises (Pty) Ltd,
Stanger Food Enterprises (Pty) Ltd,
Felnih (Pty) Ltd,

DIRECTORS:

P.R. RENCKEN, M.B. RENCKEN
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Reg. No. 1996/001691/07, VAT Reg. No. 4490157981
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